

Yeltsin Is Seeking Common Ground With Parliament

By Steven Erlanger
New York Times Service

MOSCOW — President Boris Yeltsin on Friday denounced as unconstitutional, illegal and immoral the amnesty given to his opponents by Russia's parliament, but he conceded the parliament's victory, saying that the country's economic crisis required "maintaining and expanding common ground for interaction and cooperation in the state and society."

Speaking in the Kremlin at a formal government meeting, which had been postponed because of fighting about the draft 1994 budget, Mr. Yeltsin and his prime minister, Viktor S. Chernomyrdin, both promised fiscal discipline to control inflation. But Mr. Yeltsin said: "It is a mistake to reform the economy at any price."

Mr. Chernomyrdin promised to begin closing bankrupt enterprises, but said: "We must walk along the edge of a razor blade" between hyperinflation and industrial collapse, "and we must not fall down on either side."

For the first time, Mr. Chernomyrdin criticized the chairman of the Central Bank, Viktor V. Geraschenko, who suggested that inflation was a "lesser evil" than mass unemployment. Mr. Chernomyrdin responded that lax monetary policies had not worked.

"If we want to have a weak state, then go and give out money. If not, do not," Mr. Chernomyrdin said with some passion. "It would make sense if Mr. Geraschenko said what he said today a year ago. But now, the time is out."

While Mr. Yeltsin continued to call for inflation to drop to 3 percent to 5 percent by the end of the year, Mr. Chernomyrdin thought the figure would be 7 percent to 9 percent, while a draft budget approved by the cabinet foresees a monthly average of 12 percent.

All these figures are considered optimistic by Western economists, especially since the draft budget must be approved by parliament and many ministers are lobbying for greater spending.

Former Prime Minister Yegor T. Gaidar, who quit the government along with Finance Minister Boris G. Fyodorov over their inability to control the economic policy, said Friday he agreed with much of what Mr. Chernomyrdin said.

"But in stabilizing the economy, what matters is deeds, not words," Mr. Gaidar said, pointing to the contradiction between a relatively disciplined draft budget and government promises to subsidize numerous sectors, especially agriculture.

Mr. Gaidar said that Mr. Chernomyrdin's "razor blade" analogy between inflation and industry overdrawn. "There is no such dilemma," Mr. Gaidar said. "Economic decline is mostly caused by our failure to adhere to tough monetary policies."

Leonid Pridyev, director of the Economics Ministry's privatization department, said that "the real economic crisis is just beginning" and threatens to turn the government "into a hostage" of the industrial and agricultural lobbies.

Mr. Yeltsin's political comments

represented a considerable concession to the lower house of parliament, or State Duma, which is dominated by Communists and ultranationalists.

Mr. Yeltsin has spoken many times before of conciliation after the Dec. 12 elections, which were a rebuff to his economic reform policies. But the comments Friday follow the direct political challenge to him of the amnesty, which pardoned not only those who sought his overthrow last October, but also those he so famously stood up against in August 1991, when he climbed on a tank and made his reputation as a courageous democrat.

"I am fully aware of the contradictory nature of the decision made by the Duma and the haste with which it was fulfilled," Mr. Yeltsin said of the amnesty and the rapid release of prisoners, which he failed to delay, losing his secret-police chief and prosecutor-general in the process. "I believed and continue to believe that the constitution, the law and moral norms were violated."

But he said that faced with confrontation and a new cycle of violence or compromise, his choice was clear. He said he was sure that the majority of the Duma deputies are "not suffering from political amnesia" and understand the "absolute need to unite efforts to overcome the crisis and strengthen the state."

"Today in Russia," he said, "democracy means above all stability, order and cooperation."

Mr. Chernomyrdin, who runs the economy day-to-day, then pledged his loyalty to Mr. Yeltsin as president and lambasted younger politicians and economic reformers who already talk about succeeding Mr. Yeltsin in presidential elections a little more than two years' away.

And he gave vent to his dislike of Mr. Gaidar and Mr. Fyodorov. "Russia is not a racing car that one drives, then abandons and the country is left shaking as if in fever," said Mr. Chernomyrdin. "I am not one of those ready to leap from being head of a laboratory to deputy premier or to premier, if not to president."

U.S. to Double Aid to Ukraine as Reward for Nuclear Accord

By Steven Greenhouse
New York Times Service

WASHINGTON — With Ukraine having tentatively agreed to destroy its nuclear weapons, President Bill Clinton announced Friday that the United States would double aid to Ukraine, to about \$700 million a year.

The announcement was made as Mr. Clinton met here with Ukraine's president, Leonid M. Kravchuk. American officials said they were seeking to reward Mr. Kravchuk for agreeing to eliminate Ukraine's nuclear arms and to encourage him to press for economic reforms.

In a ceremony at the White House, the two presidents signed several agreements, including a



Defense Minister Pavel S. Grachev, right, commenting to Interior Minister Viktor F. Yerin at the Russian government meeting Friday.

A Conciliatory Speaker Rises in Russia

By Fred Hiatt
Washington Post Service

MOSCOW — The night that Ivan Rybkin was elected speaker of Russia's new parliament, his wife burst into tears.

Mr. Rybkin's immediate predecessor had ended up dazed and cowering in his office as tank shells shattered windows and blasted the facade of the parliament building.

"And if you look at the faces of earlier parliament chairmen of the Soviet period, the news is even less consoling," Mr. Rybkin said, resorting to delicate understatement in this land of purges and political murders.

"But don't worry," he added cheerfully in a recent interview. "Everything will be O.K."

Soothing reassurance has been his trademark since the little-known agrarian engineer burst into the fore of Russian politics with his election as speaker in January.

Suddenly one of the most powerful men in Moscow and a possible 1996 presidential contender, Mr. Rybkin, 47, has muted his past ideology — communism — and political role — opposition — to preach reconciliation in a land of jangled nerves and extremism.

To almost everyone's surprise, he has helped shape a working legislature out of the 444-member State Duma, or lower house, despite its eight factions. Unlike his acerbic

predecessor, Ruslan I. Khasbulatov, Mr. Rybkin has presided fairly and patiently, creating a mood of inclusiveness, if not rapid accomplishment.

His early success has raised tentative hope that Russia might move away from the confrontational politics that brought the country to the brink of civil war last fall.

Now Mr. Rybkin is bringing his "let's work things out" style to United States-Russian relations, flying into Washington on Friday as the guest of the House speaker, Thomas S. Foley, Democrat of Washington.

Mr. Rybkin, in an interview this week, said that "little moments of unpleasantness," like the recent spy scandal, should not obscure the two nations' "deep-seated feelings of friendship" or interfere with their "goal-oriented, strategic" partnership.

Not everyone here is persuaded that Mr. Rybkin's positive thinking can overpower the nation's daunting problems, or that he can become a serious player at a table where noisier politicians, like the extreme nationalist Vladimir V. Zhirinovskiy, are already elbowing for space. Some suggest he will remain a hostage of the powerful factions that helped elect him, including Mr. Zhirinovskiy's party and the Communists.

But few disagree that Mr. Rybkin has

helped calm the waters and change the terms of political debate. Even when he played a key role in the Duma's most concrete accomplishment so far — a political amnesty freeing from prison President Boris N. Yeltsin's bitterest enemies — Mr. Rybkin managed to portray the act as a gesture of accord and compromise.

"If he hadn't been elected Duma chairman, he could have made a career as a snake charmer," said Sergei Dorenko, a television correspondent, in a report after interviewing Mr. Rybkin. "I entered his office totally convinced that our authorities were experiencing a new crisis of power relations, and I left with the feeling that it must all have been a hallucination."

The amnesty, which allowed Mr. Khasbulatov and former Vice President Alexander V. Rutskoy out of jail, has been attacked by the reformist party Russia's Choice as renewing the danger of civil strife. But Mr. Yeltsin has responded cautiously, and Mr. Rybkin insisted that the amnesty would benefit all sides.

Mr. Rybkin said he once believed in communism, "just like Gorbachev, Yeltsin and others."

But he added: "Now my views have changed radically on many points." Today, he said, he considers himself a social democrat, like the Socialists of Sweden or Austria.

WORLD BRIEFS

North Koreans Threatening to Balk

TOKYO (AP) — North Korea threatened Friday to go back on its agreement to allow international inspections of its nuclear plants unless the United States drops some conditions.

In the agreement reached Thursday, the United States promised to reopen high-level talks with the Communist regime and suspend this year's military exercises with South Korea in return for the North allowing the nuclear inspections and improving diplomatic contacts with the rival South.

American officials say the U.S.-North Korea talks and suspension of military exercises also depended on an exchange of special envoys between North and South. But North Korea's first foreign vice minister, Kang Sok Ju, said the envoy exchange was not part of the agreement, which only mentioned renewed talks for an exchange and "did not touch on the fulfillment of the exchange."

The warship's arrival Wednesday in Douala follows the deployment of a small contingent of French paratroopers and two combat helicopters Sunday in Cameroon. Nigeria said the deployment was a provocation and accused France of meddling in the dispute over the Bakassi Peninsula.

In December, Nigeria claimed troops from Cameroon invaded the peninsula, occupied mostly by Nigerian fishermen, and killed six of them. Nigeria subsequently sent 1,500 troops. The two sides' troops clashed briefly in February.

Political Storm in Hungary Radio

BUDAPEST (Reuters) — Hungary's state radio touched off a political storm on Friday by announcing the dismissals of 129 employees, mainly leading journalists. The dismissed workers and opposition parties branded the move as an attempt to silence criticism of the government, two months before elections.

Editors and journalists were dismissed as of April 12, but will be effectively banned from work from Monday, depriving the Hungarian radio of many of its leading reporters in the campaign period, journalists said at a trade union meeting.

They said the move appeared to complete a process in which independent-minded journalists were dropped from the newscasts of national television and radio, damaging prospects that the government and opposition could agree on a long-disputed media bill before elections in May. In a statement published through the MTI news agency, the radio's vice president, Laszlo Csucs, said the 129 people were given pensions or laid off for reasons of economy.

Majority Leader to Leave the Senate

WASHINGTON (AP) — The leader of the Senate's Democratic majority, George Mitchell of Maine, said Friday that he would not be a candidate for re-election. The surprise decision will complicate the Democratic Party's efforts to hold its Senate majority.

Mr. Mitchell purchased time on Maine television stations to make the announcement Friday night, and in a statement released by his office said it was time to pursue other challenges after 14 years in the Senate.

Mr. Mitchell, 60, said he was in good health. "I'm certain that if I'd run, I'd have been re-elected," Mr. Mitchell said. He has been mentioned for the vacant job of commissioner of major league baseball.

U.S. Selling Skyhawks to Argentina

BUENOS AIRES (LAT) — Over British objections, the United States is selling Argentina 36 A-4 Skyhawks with advanced radar to replace some of the planes lost by the Argentines in their 1982 war against Britain over the Falkland Islands.

Argentina will get the used American planes cheaply — \$200,000 to \$300,000 each, according to one source — but it will need to spend hundreds of millions of dollars to have them refurbished and refitted.

The work will include installation of a Westinghouse radar system, classified as sensitive military technology, which Washington authorized despite the British opposition. Lockheed Aircraft Service Co. is offering to do a major share of the refurbishing, as well as operate an aircraft manufacturing and maintenance plant in Argentina. Argentina lost 60 to 70 aircraft, mostly Skyhawks, in the two-month war.

TRAVEL UPDATE

Poland and Britain to Resume Flights

WARSAW (AP) — The national carriers of Poland and Britain have agreed to resume flights between Warsaw and London starting March 13, ending a four-month conflict that suspended the direct air link between the two countries, the Polish airline said Friday.

The Polish Airline LOT and British Airways reached a final agreement this week over the number of flights between Warsaw and London, which was the core of the conflict. The accord provides for nine flights a week for each carrier, although BA will have a 51 percent share of the market and LOT 49 percent. During the summer season, LOT and BA will each fly 12 to 15 times a week to Warsaw and London.

About 150 vehicles piled up in fog in Parma, Italy, the police said Friday, killing 4 people and injuring 30.

A cruise liner ran aground off Finland's southern coast, and all 1,100 passengers and most of the crew of the Sally Albatross were evacuated, a sea rescue official said.

Northwest Airlines will cut domestic air fares by as much as 45 percent for spring travel, potentially starting a nationwide fare war. The Northwest offer requires passengers to buy their tickets by March 11, and the fares are valid for trips between April 4 and June 15.

Russia Accepts French Plan to End Sarajevo Siege

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — In a surprise move widely seen as confirming Moscow's desire to play a constructive role in ending the Bosnian war, Russia has dropped its objection to a French plan for breaking the Serbian siege of Sarajevo and securing free access to three other encircled towns in Bosnia-Herzegovina.

The new French resolution, based on a charter provision that allows the UN Security Council to enforce its orders, calls for complete freedom of movement for the civilian population of Sarajevo, free circulation of relief supplies, and the restoration of "normal life" in the city.

It also asks Secretary-General Boutros Boutros Ghali to appoint a civilian official to draw up a plan for the restoration of essential

public services in Sarajevo in cooperation with the Bosnian government. And it invites him to open a trust fund to collect contributions toward the cost.

Finally, it requires the secretary-general to report on the feasibility of lifting the sieges of Mostar, Vitez, and Maglaj on the basis of the same council resolutions that were used to justify NATO's successful threat to bomb the Serbs unless they pulled their guns back from around Sarajevo.

The new resolution thus falls well short of France's original call for the United Nations to take over the administration of Sarajevo, something that the Muslim-led Bosnian government as well as Russia strongly opposed. But it marks an attempt to build on the effective cease-fire NATO has imposed on the city by restoring free movement and normal services, and by trying to apply this same approach to other besieged towns.

The resolution and Russia's attitude toward it is also seen as a further sign that Russia has intervened in the Bosnian conflict with the aim of persuading the Serbs to accept a peace compromise, according to diplomats at the United Nations.

It tests the good will of the Bosnian Serbian leadership, which is being asked to restore free access to the city. But it may also test the attitude of the Bosnian government, which in the past has refused to let men of military age or with special skills leave Sarajevo.

The French resolution had earlier appeared dead after Russia threatened to use its council veto to block adoption unless the text was watered down to a point where it lost most of its significance. But after France sent a senior official to Moscow on Monday, Russia agreed to back the resolution with only minor modifications.

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — British peacekeepers in central Bosnia came under mortar attack Friday, and the United Nations commander in the country appealed for 5,000 more troops to enforce cease-fire lines between the warring sides.

"There are people now prepared to go back to war," said Sir Michael Rose, the British lieutenant general in charge of the 11,000 UN peacekeeping troops in Bosnia.

General Rose was speaking in the central Bosnian town of Vitez, where British peacekeeping troops have their operational headquarters.

"We are already strained and things will get much more difficult as we go ahead," he said.

As if to highlight his gloomy assessment, a UN official in the Croatian capital, Zagreb, reported a few hours later that British UN

troops at a nearby base had come under attack on Friday for the second day in a row.

The official, who declined to be named, said three 82mm mortar bombs had crashed into a base between Zepce and Zavidovic. A similar attack had taken place on Thursday. There were no casualties.

Such incidents underline the tenuous position of UN peacekeeping troops, who are thinly stretched across the country. UN member states have been resisting demands for thousands of additional troops to enforce recent cease-fires which have reduced fighting in the Bosnian civil war to its lowest level for almost two years.

General Rose said: "All you need to have is one group opening fire for one reason or another and of course everyone starts to become extremely nervous."

General Jean Cot of France, the overall UN Protection Force commander in former Yugoslavia, on Thursday called for an extra 10,000 men and General Rose said he needed a minimum of 5,000.

UN commanders need troops to establish buffer zones, man checkpoints, operate patrols, guard weapons collection points, establish rapid deployment forces to rush to areas of cease-fire violations, and operate radar monitoring equipment.

France, whose 6,000 UN peacekeepers in former Yugoslavia represent the largest contribution, indicated Friday it will not send more. A Foreign Ministry spokeswoman said other countries "have not responded fully" to UN requests.

Britain has not ruled out adding to its contingent, but Foreign Secretary Douglas Hurd said it "must be a shared effort, and there is such a thing as fair shares."

Washington has refused to commit any ground troops without a political settlement.

Joint commissions are marking the front lines in central Bosnia and identifying UN buffer zones.

(Reuters, AP)

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★ POLITICAL NOTES ★

Draft Registration Outlines Usefulness

WASHINGTON — In a report to Congress, the Defense Department has concluded that peacetime registration for the draft could be suspended "without irreparable damage to national security."

"With reduced force levels combined with two decades of successful experience with raising and maintaining a volunteer force," the report said, as well as the "recent victorious wartime experiences, and the quality of active and reserve personnel, it is highly unlikely that we will have to reinstate the draft in the foreseeable future."

But the document stopped short of a recommendation to abolish the system, and President Bill Clinton said in an accompanying letter that registration should continue pending further review by the National Security Council.

The Selective Service System, which maintains a registry of 14 million American men between the ages of 18 and 25, was established in 1940.

After the Vietnam War, President Gerald R. Ford suspended the registration requirement, but President Jimmy Carter reinstated it in 1980 following the Soviet invasion of Afghanistan. Between 1.5 and 1.75 million 18-year-olds register for the draft each year, for an overall compliance rate of about 96 percent, a spokesman said.

Senator Mark O. Hatfield, Republican of Oregon, and Representative Peter DeFazio, Democrat of Oregon, who made the report public Thursday, said its findings supported their position that Selective Service could be eliminated with no risk to national security and at considerable savings to taxpayers. The agency employs 230 full-time employees nationwide with an annual budget of \$24 million.

House Panel Clears Budget Plan for '95

WASHINGTON — The House Budget Committee approved the heart of Mr. Clinton's 1995 budget plan Thursday after rejecting a Republican alternative that included a \$500-per-child tax credit for middle- and upper-income families.

While voting, 26 to 17, along party lines to adopt a \$1.5 trillion budget resolution for the fiscal year beginning Oct. 1, the Democratic-controlled committee trimmed \$3.1 billion from Mr. Clinton's request to keep overall spending below a congressionally mandated ceiling.

The committee subtracted from and added to about 40 areas of the president's budget, in reshaping the plan and achieving the overall spending reductions.

Some substantial changes included a \$225 million reduction in military spending, a \$115 million cut in foreign aid, \$550 million of cuts and delays in federal building construction and \$796 billion in savings from a proposed federal employee buyout plan.

At the same time, the committee voted to restore \$494 billion in spending for low-income home energy assistance, \$100 million for mass transit capital and operating grants, \$80 million for emergency food assistance and \$63 million of spending authority for Rural Electrification Administration loan guarantees.

Martin O. Sabo, Democrat of Minnesota, the chairman of the House Budget Committee, said that the resolution called for a substantial increase in spending for criminal justice programs, education and transportation, including full financing of the highway construction program. (WP)

Quote/Unquote

Mr. Clinton, on meetings that members of the White House staff had with Treasury officials investigating an Arkansas savings and loan that was owned by a friend of the Clintons: "I think it would be better if the meetings and conversations had not occurred." (WP)

Rose Law Firm Shredded Foster Papers, Employee Says

By Stephen Engelberg

New York Times Service

LITTLE ROCK, Arkansas — An employee of the Rose Law Firm here has told a federal grand jury that in late January he was ordered to destroy a box of documents from the files of Vincent W. Foster Jr., the White House lawyer whose suicide is under investigation by an independent counsel.

People familiar with the testimony of the employee, an in-house counsel, said he had told the grand jury that he and a colleague had used a shredder in the firm's basement to destroy the papers. He testified that he had done so at the request of a clerk in the firm.

The firm's former partners include President Bill Clinton's wife, Hillary Rodham Clinton; Webster L. Hubbell, the associate attorney general; William H.

Kennedy 3d, an associate White House counsel, and Mr. Foster, the deputy White House counsel who committed suicide in July. All left the firm to go to Washington last year.

The courier, a college student who is among several assigned to run messages and errands, told the grand jury on Feb. 16 that he did not know precisely what he had shredded but was certain the papers had come from Mr. Foster's files, those familiar with the account said.

He testified that he looked inside the box and saw that the papers were separated by binders marked with the initials VWF, the firm's standard abbreviation for Mr. Foster. The box itself also bore his initials. No other employee at the Rose firm has those initials.

The firm denied that any of Mr. Foster's documents were shredded.

The firm's lawyers declined to answer specific questions.

While he was at the firm, he worked on a wide array of legal matters for the Clintons, including the sale of their share of the Whitewater Development Co., a real-estate venture in the Ozark Mountains. At the time of his suicide, Mr. Foster was working on various personal matters for the Clintons, including taxes and the creation of the family's blind trust.

Investigators have sought clues to the circumstances of Mr. Foster's death, as well as the Clintons' finances, in everything from his internal memos and phone logs to his personal diary and even some cryptic scribbles discovered among his White House papers.

The courier testified that he had seen no references to Whitewater in the papers he shredded.

Reno Supports Hubbell

Attorney General Janet Reno said she had full confidence in Mr. Hubbell and planned no inquiry into questions about his past client billings and expenses at the Rose firm. The Washington Post reported.

Ms. Reno said that she "knew nothing" about an internal law-firm inquiry into his activities until this week and was satisfied once he explained it to her. "I have worked with Webb Hubbell for a year now," she said. "I have been extraordinarily impressed with his honesty, his candor, his professionalism, and the sacrifices he's making to serve the American people."

No Plot Seen Yet in Attack On N.Y. Jews

New York Times Service

NEW YORK — Prosecutors in the Brooklyn Bridge shooting are emphasizing that the gunman they have in custody was alone in attacking a group of rabbinical students and with no official evidence yet emerging that he might have been part of a larger conspiracy.

The suspect, Rashid Baz, 28, a 19-year-old with a Lebanese passport, was being held without bail on charges of attempted murder. Two other men were charged with helping conceal evidence.

Police officials said they were pursuing hypotheses that others were involved in the shooting.

"All indications are that he acted alone and the others acted to cover up," one ranking official summarized. "We don't intend to leave it at that."

Descriptions from acquaintances of Mr. Baz describe a man of mixed religious background, with no known militant ties and with few particularly sophisticated or strong political views.

But police investigators insist that they have tracked him in the last two days as a man who bore grudges, collected weapons and proved capable of violent eruptions of emotion.

The search for his personal and political history was pressed by city and federal officials as Mr. Baz's lawyer, M. Michael Mura-Obragovic, proclaimed his client's innocence. "His reputation in the community is not at all that of a religious zealot," the lawyer said.

Nevertheless, Mayor Rudolph Giuliani said the city's law-enforcement agencies had been placed on an anti-terror alert.

In the attack, the gunman inflicted severe gunshot wounds to the brains of two of the 15 yeshiva students in the van as it headed toward the Lubavitch Hasidic movement's Brooklyn headquarters.

Aaron Halberstam, 16, has been declared brain dead but remains on a life-support respirator. Nachum Sossoukin, 18, also has a bleak prognosis.

Police investigators unofficially reported that Mr. Baz contended that the attack grew out of a traffic fracas, but they have discounted this on the evidence of the gunman's determined bridge pursuit and 20-shot fusillade.

At the arrangements of Mr. Baz and the two other defendants, Basam Keyani and Hani Mohammad, the Manhattan district attorney's office offered an early sketch of the crime that depicted Mr. Baz as driving alone and shooting at the van of yeshiva students, then hurrying from the bridge to seek help in concealing his crime.

Assistant District Attorney William Mahoney told Judge Albert Kohr that Mr. Mohammad, 32, a Jordanian national, was told of the shooting by Mr. Baz shortly after the attack.

Mr. Keyani, 27, a Jordanian national who owned the Pioneer gypsy-cab service where Mr. Baz worked, also was informed after the attack that Mr. Baz "had shot some Jewish people on the Brooklyn Bridge," according to Mr. Mahoney.

Public Funds and Farrakhan Taxpayer Dollars Going to Nation of Islam

By Steven A. Holmes

New York Times Service

BALTIMORE — The four security guards sit serenely behind the plexiglass barrier in the hazy lobby of the Flaghouse Courts housing project. They tell visitors to pass through a metal detector, show identification and name the residents they want to visit.

Occasionally, one of the four — all young blacks whose contracts say they earn \$11 an hour — picks up a walkie-talkie, zips up his jacket and leaves the booth in patrol of the building's hallways and staircases.

For the most part, the guards look and act like any other guards keeping watch over a public-housing project. Only a patch on the left sleeve — a white crescent and star — and "NOI Security" stitched on a red background — indicates they represent something different.

To many residents at Flaghouse Courts, near downtown Baltimore, the presence of the guards from a company affiliated with the Nation of Islam provides a ray of hope for halting the drug dealing and violence that infest the project.

But some Jewish groups and legislators like Representative Peter I. King, Republican of New York, have complained that employing a company affiliated with the Nation of Islam to protect public housing means taxpayer money is subsidizing a hate group whose leader, Louis Farrakhan, routinely calls whites "devils" and has described Judaism as a "gutter religion."

For the Nation of Islam and its followers, the \$2.8 million in contracts that the NOI Security Agency has signed since June with the Baltimore Housing Authority to provide security at 10 high-rise public apartment houses represents something else.

Having preached for years a doctrine that called for economic development, primarily by selling goods to other blacks, the Nation's leaders are now aggressively seeking work from governments and white-owned businesses.

"The businesses were never supported by anyone other than the Nation of Islam members," said Iman W. D. Muhammad, who followed his father, Elijah Muhammad, as leader of the group until he moved toward mainstream Islam 15 years ago.

There was no government funding at all during the Honorable Elijah Muhammad's lifetime," he said. "That was his policy. He feared government involvement would take away from his control and plans for the businesses."

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Second of a series

Northeast Washington, near the Anacostia River. In 1990, members of the Nation formed the NOI Security Agency, with headquarters in Washington.

The company won contracts to guard HUD-subsidized apartment complexes in Pittsburgh in 1991, in Philadelphia and Los Angeles in 1992 and in Chicago and Baltimore in 1993.

Though several of those contracts have not been renewed, and the one in Los Angeles was canceled, NOI Security has continued to bring in more business.

Another security company, New Life Inc., run by Mr. Farrakhan's son-in-law, gets about \$60,000 a month from the state of Illinois and Chicago for guarding public-housing projects, and is part of a joint venture negotiating a \$5 million contract with the Chicago Housing Authority to manage and guard another project on Chicago's West Side.

A chain of health clinics run by a top Nation of Islam official received \$213,000 last April in federal funds for a one-year contract to treat Washington AIDS patients.

"We are not only pursuing the economic agenda of the Nation of Islam," said Leonard Farrakhan Muhammad, head of New Life and Farrakhan's son-in-law, "The Nation of Islam is a business."

Britain Gets New Top Spy Reuters LONDON — Britain said Friday that the new head of its MI6 overseas spying agency would be David Spedding, 51, a career veteran and an Arabist interested in medieval history. He succeeds Sir Colin McColl, appointed in November 1988.

Mr. Spedding, who has worked for MI6 since 1968, was previously head of the agency's operations in the Middle East and North Africa.

He was born in 1943 and studied at the University of Cambridge, where he earned a degree in medieval history.

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The Clintons' French Chef Is Scratched Off the Menu

Washington Post Service

WASHINGTON — For the main course, the Clintons want American cooking.

So Pierre Chambrin, the French chef at the White House, is leaving, along with three members of his staff.

Mr. Chambrin is "really a wonderful French chef," but when the president and Mrs. Clinton moved into the White House "they said they were really going to showcase American cuisine," said Neil Laitman, spokesman for Hillary Rodham Clinton.

Although "Pierre was really great and prepared wonderful menus," the spokesman said, "he wanted to give the Clintons an opportunity to have someone whose specialty or expertise is American cuisine."

But the Clintons' culinary chauvinism stops at dessert. The president, who has a famous sweet tooth, is keeping on the head pastry chef, Roland Mesnier, who is no less French than Mr. Chambrin. Mr. Mesnier, who has been at the White House since the Reagan presidency, is the only person working outside France ever to win France's pastry-chef-of-the-year award. That was in 1988.

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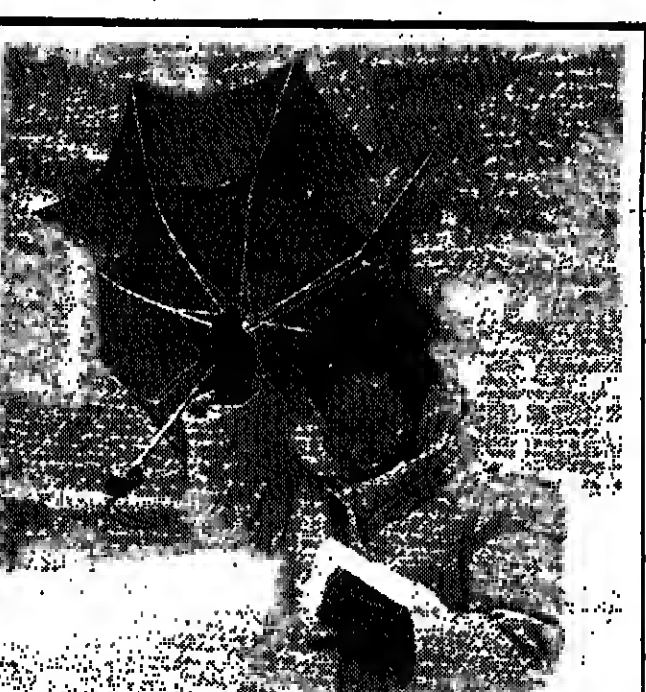
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A woman in Cambridge, Massachusetts, lost control over her umbrella Thursday as winds ripped through the Northeast and cold spread to the Midwest. Eight inches of snow fell in Boston and 29 inches in Houlton, Maine. Some schools were closed.

Away From Politics

• A contractor charged the Pentagon \$560,000 for employee conferences in Jamaica, Hawaii, Mexico and Grand Cayman Island, and another received \$62,000 for use by employees of a company-owned fishing boat. Senator Jim Sasser, Democrat of Tennessee, chairman of the Senate Budget Committee, said these and other reimbursement requests were part of "a pattern of abuse."

• A newly identified cancer gene linked to lymphoma should lead to a fast, accurate diagnostic test for the disease, doctors said. Oncologists

Kabul Siege Strands Refugees

Relief Agencies Overwhelmed by Exodus

By Molly Moore
Washington Post Service
JALALABAD, Afghanistan — The rockets and artillery shells that smashed into Shah Zia's house in Kabul drove her here a few days later, to a muddy roadside, where the shivering woman squatted and began to give birth in the pouring winter rain.

Mrs. Zia was among about 150,000 people who have escaped the most violent siege of Kabul since warring factional leaders began shelling the Afghan capital almost two years ago. The exodus has been so large in the last four weeks that refugees have overwhelmed relief agencies, leaving tens of thousands living on barren plains strewn with land mines, without adequate food and in the midst of the Afghan winter.

"My house, everything I owned, was destroyed," said Mrs. Zia, 20, who has spent the last week shuffling her newborn and four other children from tent to tent, relying on the generosity of refugees who were fortunate enough to get tents before the United Nations relief effort ran out. "I was able to pull only myself and my children from the war zone."

Since the New Year's Day siege began, about 1,000 people have been killed in Kabul and more than half of the city's dwindling population have fled their homes, according to international relief agencies.

The situation in Jalalabad has been made worse by neighboring Pakistan's decision to bar refugees from crossing its borders and by a week-old blockade of Kabul. Refugees and relief agencies say the blockade is creating food shortages

and has driven the prices of existing food supplies out of the reach of many residents.

Almost as many civilians have been killed in the last eight weeks in Kabul as were killed in the last eight months in Sarajevo, the Bosnian capital, where 1,097 have died since May 1993. But Afghanistan has received only a fraction of the international attention, a reflection of how the end of the Cold War eliminated its strategic importance to the United States and the former Soviet Union.

The tide of refugees leaving Kabul has swelled rapidly, and the UN High Commissioner for Refugees, which set up a camp on a plain that was once one of Afghanistan's biggest battlefields and still has land mines, is unable to meet the demand.

While 48,000 people have been supplied with tents, blankets and minimal food rations at the camp, more than 30,000 others line the roads and live in the rocky, treeless fields, awaiting shelter and provisions at the Sarshahi Camp near Jalalabad, 130 kilometers (80 miles) east of Kabul. An additional 2,000 new refugees arrive daily.

Jalalabad, a dusty city of about 400,000 that has been hard-hit by the influx, is jammed with refugees selling their remaining possessions to raise money for food.

"There are such a massive number of people in the camps," said Jeremy Hartley, who heads the United program for the refugees in Jalalabad. "We haven't been able to get enough food and supplies to meet the demand."

Afghan and international relief officials say they are facing the biggest aid crisis in Afghanistan since

the Communist government of President Najibullah fell in the spring of 1992. "If something is not done, the situation will get very bad very quickly," said William Huth, the country director for CARE.

Throughout the 14-year war between the Soviet-backed Communist government and the U.S.-supported mujahidin, Kabul, which was heavily defended, escaped unscathed, and its population swelled with civilians fleeing fighting in outlying areas.

But since the fall of Major General Najibullah, Kabul has become the focus of a power struggle among factional leaders. The city has been under nearly constant siege since August 1992. It suffered the most deadly attack on New Year's Day, when the country's prime minister, Gulbuddin Hekmatyar, and one of its most powerful factional leaders, General Abdul Rashid Dostum, joined forces in an attempt to overthrow President Burhamuddin Rabbani.

In the last seven weeks of fighting, in which neither side has made major gains, entire neighborhoods have been flattened by bombing raids and artillery barrages. Relief agencies estimate that Kabul's population has shrunk from more than 2 million two years ago to less than 700,000 today.

The International Committee of the Red Cross said this week that about 300,000 people were refugees within Kabul, moving from their homes in battered neighborhoods to sections of the city that have had less shelling. Red Cross officials said that about 50,000 people in the city were homeless, living in mosques, bombed-out schools and other public buildings.



Homeward-bound Marines waiting at Mogadishu airport Friday for transport aircraft, as the pullout of American troops continued.

Somali Gunmen Attack the Italian Embassy

MOGADISHU, Somalia (Reuters) — Up to 30 Somali gunmen attacked the Italian Embassy in north Mogadishu on Friday and soldiers inside killed at least one Somali when they returned fire, military officials said.

The Italians, scheduled to pull out their troops along with other Western peacekeepers

before the end of March and evacuate their embassy, drove off two assaults by the gunmen who quickly vanished when U.S. and Italian helicopters took to the sky. An Italian military spokesman speculated that the attackers wanted to loot the embassy, but Somali witnesses said the attackers were for-

mer embassy employees dissatisfied with their severance pay.

Near the southern Somali port of Kismayu, rival clan militias skirmished while fighters allied to the dominant warlord, Mohammed Farrah Aidid, closed in on the contested area, UN military officials said.

301: U.S. Is Sending a Double-Edged Message of Threat and Reassurance

Continued from Page 1

American free-trade advocates that the United States has not turned into a shoot-from-the-hip trade vigilante, settling scores on its own terms.

In broadcasting this double-edged message of threat and reassurance, the administration is walking a fine line between its conflicting goals.

Super 301, which lapsed four years ago, creates a timetable for identifying the foreign trade practices that do the most damage to U.S. exporters.

The U.S. trade representative, Mickey Kantor, said Thursday those decisions could come anytime after March 31, when his office releases its annual assessment of trade barriers. But, he added, the target list is not expected to be issued until Sept. 30 — the full, six-month period provided by Mr. Clinton's order.

That is all that Super 301 does. Once countries and barriers have been targeted, the administration must use other trade provisions to take the steps that could lead to the imposition of prohibitively high tariffs on goods from the offending country.

If Mr. Clinton and Mr. Hosokawa cannot reach agreement and Japan is targeted as a top

priority trade offender in September, that would trigger another period of review, pressure and consultation that could last a year to 18 months, officials said.

In addition, if the dispute runs its full course, decisions on major parts of the argument would come not from U.S. officials, but from an international panel under the General Agreement on Tariffs and Trade.

Mr. Clinton's decision to reinstate Super 301 was made only after a sharp debate among his advisers. While most favored acting for various reasons, Laura L'Amore, Tyson, chairman of the president's Council of Economic Advisors, argued that this was the wrong time and the wrong circumstances to take such a provocative step, administrative officials said.

But most of Mr. Clinton's team felt the Super 301 signal had to be sent, they said.

Since Mr. Clinton called for reinstating Super 301 in the 1992 presidential campaign, a delay would have undermined its credibility with Congress, where the measure has a strong following.

The next step is up to Japan, according to

move regulations that stifle competition, something that would both respond to U.S. complaints and be in Japan's economic interests as well.

Administration officials are divided about whether Mr. Hosokawa and his splintered political faction can pull this off. Pessimists see no evidence yet that he can. The optimists believe the climate of political and economic reform in Japan is real, if fragile.

A few promising signs have appeared, officials said. Japanese officials and telecommunications executives are trying to resolve a dispute over the sale of American cellular phones in the Tokyo area.

And on Thursday, Soichiro Toyota, chairman of Toyota Motor Corp., said that the Japanese auto industry was ready to adopt "voluntary numerical goals" for increasing purchases of American-made auto parts, as long as the United States does not view them as binding commitments.

But some of Mr. Clinton's advisers say they harbor no illusions that the warning shot Thursday has fundamentally changed the uncharted course of the trade dispute with Japan.

German Tourist Is Wounded on Nile

ASSIUT, Egypt — Gunmen attacked a tourist boat on the Nile on Friday, shooting a German woman in the neck as it passed a village known for Islamic extremism.

The attackers fired on the boat with machine guns as it passed Sidfa, according to security officials in Assiut, 200 miles (320 kilometers) south of Cairo.

The boat, which had 33 German passengers, was the second boat in a two-boat convoy traveling north from Luxor to Cairo. Its windows

were smashed, but the accompanying cruiser was not hit.

A hospital spokesman said the woman was in critical condition.

A German Embassy spokesman, Jürgen Stelzer, said the police guards returned fire, but there was no word on whether any of the attackers were hit.

The police in Assiut said security men on the boat ordered the captain to take the vessel to nearby Abu Tig after the attack rather than put the victim ashore at Sidfa because of better medical facilities and security conditions.

Abu Tig itself has been the site of several attacks by Islamic extremists in two years of confrontation with President Hosni Mubarak's largely secular government. Al-Gamaa al-Islamiya, the Islamic Group, wants to install a Muslim regime.

The district around Assiut is the center of the anti-government agitation. More than 300 people have died since early 1992. Tourism was the country's most lucrative industry before the attacks began. Three tourists have been killed and dozens wounded.

BOOKS

OBJECTS OF DESIRE: The Lives of Antiques and Those Who Pursue Them

By Thatcher Freund. 291 pages. \$24. Pantheon.
Reviewed by Jonathan Yardley

THE subject of this unusually interesting book is the trade in American antique furniture, but this scarcely means that it's merely a chronicle of the privileged, the self-indulgent and the effete. To be sure, all of the above are to be found in the little world of valuable old furniture, but it is also populated by people of broad erudition, by craftsmen of sophisticated skills, by serious collectors and by eccentricities of the first stripe.

Most important, it is populated by people who understand that furniture and other objects have existences that transcend the inanimate, that make them more than mere things. One of the three antiques that Thatcher Freund follows along its course through the marketplace is a card table, "probably the finest piece of furniture that had ever been made in Philadelphia," that had been commissioned by a prominent

resident of that city in the late 1750s.

Freund writes:

"There is something seductive about new things, which capture the spirit of the moment. New things connect us to our time. The card table held the vigor of Philadelphia in its exotic claws and carved vines, and helped to give its owner a sense of his place in the world. What was more, this table possessed the possibility of immortality. The art historian George Kubler once observed that 'objects are portions of arrested happenings.' They are pieces of human energy and industry and genius frozen to time. Long after the merchant had turned to dust, and the Philadelphia he knew had faded to a distant memory, the echoes of their world would survive."

The card table is the most valuable of Freund's emblematic objects and, most if not all presumable, would agree, the most beautiful. Sotheby's, which handled its sale in New York, hoped it would bring \$1 million. The other objects to which Freund devotes his attentions are a Federal drop-leaf sofa table that Sotheby's thought might fetch \$100,000 and a painted folk blanket chest on which the dealer who owned it had set a price of \$245,000.

Not, in other words, furniture such as you and I might buy at our neighborhood furniture store but, instead, furniture that over the generations had acquired rarity, singularity and a palpable sense of history.

Not merely do things become part of the lives of those who own and use them, but they "possess the pos-

sibility of immortality." Whether it is ordinary or extraordinary, the chair in which one's mother sat or the desk at which one's father wrote is more than a mere object; it assures not merely that the memories of those people will be perpetuated now and into future generations but also that they will live on through those things, which connect "every one who ever touches them and every one who owns them."

It is for this understanding of the true place of objects in human psychology and society that "Objects of Desire" is most valuable, but this is in no way to scant its depiction of the mundane workings of the antiques market and its inhabitants. Freund writes about Israel Sack, the pioneering dealer in American antiques, and his equally influential son, about collectors ranging from aristocratic Dr. Port to the self-made Joseph Hirshhorn, about men who made furniture two centuries ago and those who meticulously restore it now, about "pickers" and others blessed with an instinctive sense of what is valuable and what is not.

Some of these people are lighter than the air they breathe, but they are the exceptions in Freund's story. In their varying ways the people we meet in this chronicle are serious, trading in old furniture not merely because it brings them money or distinction but because they love it and know its true value. Thus "Objects of Desire" is, in the end, as much about people as it is about things — which, in the end, is the point.

Jonathan Yardley is on the staff of the Washington Post.

TRADE: Prospect of Unilateral Action Gives America's Partners Jitters

Continued from Page 1

one particular country should go up or anything of that kind."

In an allusion aimed at Washington, Peter Sutherland, the head of the European Commission, said

that the U.S. trade policy was "misguided and dangerous." Mr. Sutherland also lashed out at government interference in trade during a speech in New York late Thursday. "Once bureaucrats become involved in managing trade flows," he said, "the potential for misguided decisions rises greatly."

Nevertheless, officials sought to contain the dispute. "The GATT is not unraveling," Sir Leon said.

David Woods, a spokesman for GATT in Geneva, said the U.S. move did not break trade rules and "there is no evidence that the U.S. intends to violate its obligations under GATT."

The U.S. move came less than three months after Washington endorsed GATT's Uruguay Round trade agreement. That accord will create a body to be known as the World Trade Organization, with the power to settle trade disputes, a fact that most European and Asian nations believe should disarm unilateral weapons like Super 301.

"It's against the spirit of the agreement," a EU trade official said. Noting that Washington negotiated access to Japan's market as part of the global trade pact, he said, "If they were not satisfied with what they got from the Uruguay Round, they should not have signed it."

In Tokyo, Masayoshi Takemura, the chief cabinet secretary, ex-

pressed strong concern about the U.S. action and said unilateral measures that violate the Uruguay Round's rules on settling disputes "are explicitly prohibited."

For U.S. officials, however, the global accord was a vindication of U.S. trade policy. The World Trade Organization, which will be able to authorize retaliation against unfair trading practices when it is established next year, is really Super 301 writ large, they contend. In the future, Washington will need to win the organization's backing to impose sanctions, they say, but there is no such requirement before the organization is created.

President Bill Clinton's move was "fully compatible" with world trade rules, said Stuart E.izenstat, the U.S. delegate to the European Union.

U.S. officials moved quickly to try to limit the fallout from the decision. Mickey Kantor, the U.S. trade representative, telephoned Sir Leon on Thursday to assure him that Washington would not target Europe and that any use of Super 301 would comply with GATT rules, U.S. and European officials said.

The EU official said Mr. Kantor characterized the move as "a damage-limitation exercise" aimed at defusing congressional pressure for more protectionist action and prodding Japan to open its market before late this year, when Super 301 could lead to sanctions.

Mr. Eizenstat stressed that the revived Super 301 was more targeted and flexible than its predecessor. Under the measure, he said, the Clinton administration will not tar-

get an entire country on an unfair trader but must identify practices by foreign countries that impede U.S. exports, such as Japan's *keiretsu* ties between automakers and car part suppliers or China's infringements of intellectual property rights.

Tadahiro Abe, a spokesman at Japan's mission to the GATT in Geneva, said Japan would insist that the United States negotiate first after identifying any unfair trade practices. Although Japan was not considering immediate retaliation, he said the government was considering seeking support

from other nations, including the European Union.

EU officials also express distrust about American aims. One senior EU official said recently that the Reagan administration rejected European proposals to team up to force open Japan's markets in the early 1980s, while U.S.-Japanese agreements on semiconductors and car parts in the late 1980s and early 1990s were geared almost exclusively to benefit American companies.

"The Americans never wanted to make common cause with us against Japan," this official said.

BALLOT: Zulus Sign Up for Vote

Continued from Page 1

started campaigning, it would not be fair for the election to be held at the end of April, as scheduled. The government and the ANC oppose any change in the date.

Other members of the opposition Freedom Alliance — which includes Inkatha and pro-apartheid whites — endorsed the Inkatha-ANC agreement Thursday.

But Ferdi Hartzenberg, who leads the pro-apartheid Conservative Party, said the party needed more details on mediation before it could register. The Conservatives are the second-largest white group behind President Frederik W. de Klerk's governing National Party.

General Constand Viljoen, a leader of the Afrikaner People's Front, who registered just before the deadline, said he was unable to convene a meeting of his party in

time to consider a last-minute registration and went ahead on his own "in anticipation of possible results of negotiation or international mediation." He registered as Freedom Front.

Separately, the ANC said Friday that it had stepped up security around its chief negotiator, General Secretary Cyril Ramaphosa, after learning of allegations of a far-right death plot against him.

The plot, reportedly disclosed to the ANC by a far-right leader, came amid growing indications that at least part of the white right is preparing for armed insurrection.

An ANC office was bombed overnight in the northern Cape Province town of Kuruman, a region the far rightists have proclaimed part of their future "people's state." No injuries were reported. (AP, Reuters)

BOMB: 4 Guilty in N.Y.

Continued from Page 1

New Jersey suburbs of New York City. Defense attorneys contended that the government twisted the evidence to spin a web of conspiracy trapping the defendants.

Although some defense lawyers would not even concede that it was a bomb that devastated the trade center, Mr. Salameh's lawyer, Robert Precht, surprisingly said in closing arguments that there was a bombing conspiracy and that his client was involved.

Mr. Precht insisted that Mr. Salameh was an unwitting dupe of the plot's ringleader, Ramzi Yousef, a fugitive, and therefore was not guilty.

Mr. Salameh wrote a letter to Judge Duffy, saying, "I object to everything Mr. Precht said in his summation."

But Mr. Precht stood by his argument and said Mr. Salameh still wanted his representation.

The bombing on Feb. 26, 1993, killed 6 people, and more than 1,000 were injured in the 110-story twin towers. The blast blew a five-story-deep crater in a garage beneath the trade center.

Tens of thousands of people fled down smoky, dark stairwells in a six-hour evacuation.

Two days later, deep in the rubble, FBI agents found two pairs with vehicle identification numbers. That led them to Mr. Salameh, who was arrested March 4, 1993, as he tried to recover a \$400 deposit on the rental van.

In all, seven men were charged with conspiracy in the bombing. Bilal Alkaisy, 28, is awaiting trial, and Mr. Yousef, 26, and another suspect, Abdul Yasin, 33, are fugitives.

In a related case, 15 others are charged with plotting to blow up the United Nations, the federal building housing the FBI and two tunnels and a bridge connecting Manhattan and New Jersey. The trade center bombing is said to be part of that conspiracy; the trial is scheduled for this fall.

One defendant in that case is Sheikh Omar Abdel Rahman, a blind Muslim fundamentalist cleric who is said to have inspired the group with fiery rhetoric he delivered in a storefront mosque in Jersey City. Sheikh Abdel-Rahman was acquitted in Egypt of charges that he provoked the assassination of President Anwar Sadat in 1981.

Another defendant is El Sayyid Nosair, who has been jailed for three years on charges related to the killing of Rabbi Meir Kahane. Prosecutors said all four defendants in the trade center trial link to Mr. Nosair.

(AP, Reuters)

ISRAEL: 3 More Die

Continued from Page 1

knife. A soldier opened fire and shot him in the stomach, and he later died of his wounds.

In his pocket, Palestinians found a piece of paper saying he had undertaken the attack in revenge for the Hebron massacre, in which about 40 Palestinians were killed when a militant settler, Baruch Goldstein, opened fire while they were praying.

In the Balata refugee district near Nablus, a Palestinian was shot and killed by Israeli soldiers during protests, radio reports said.

■ PLO Claims U.S. Backing

A Palestine Liberation Organization envoy said Friday that the Palestinians had the support of Secretary of State Warren M. Christopher for stationing a United Nations force on the West Bank to protect Arabs against Jewish residents. The Associated Press reported from Washington.

But the PLO envoy, Nabil Shaath said the PLO was not ready to reopen negotiations over self-rule with Israel. He said UN resolutions encompassing Palestinian demands had not been worked out.

"The resolution, including parts of it that are supported by the United States, includes an international presence in the occupied territories," Mr. Shaath said after a 90-minute meeting with Mr. Christopher.

He said there was no decision yet on the composition of the force. But, dismissing any suggestion only civilians might be involved, Mr. Shaath said: "They have to be security people. We are not talking about historians and psychoanalysts."

Mr. Shaath called his meeting with Mr. Christopher, held a few hours before the secretary of state's departure for Asia, "positive" and added: "We are satisfied that we have the serious concerns of the United States reflected by the secretary and State Department people and the president."

But although the PLO would like to resume negotiations with Israel, Mr. Shaath said, the resolution is not finished.

On Thursday, Mr. Shaath had disavowed any intention of settling the 28-month-old peace process. But he died in the light of the Hebron attack, "what we are doing is the only way that we need to go."

His arrival statement did not contain demands for the dismantling of all Jews who live on the West Bank and Gaza, or did he insist on uprooting the settlements.

But he said the Clinton administration should find ways to assist the Palestinians, possibly through the United Nations. "We really have to protect Palestinians from settlers and not just the other way around, as the Israelis have been assuming all along," he said.

Mr. Shaath said peace talks provided the only guarantee that Palestinians "will have real security in the long run."

Herald Tribune

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PHONES: Smaller and Cheaper

Continued from Page 1

small fax machines. The phones have drawbacks. Cost is the main one. And callers may discover that a building or hill blocks transmission to the satellite.

The circuits have a half-second delay as the caller's voice travels into space and back, an annoyance that largely has vanished from conventional overseas calling because of undersea fiber-optic lines and other advanced equipment. Sound quality can be distorted as well.

Travelers may find resistance at airports. Customs officials in developing countries often look with suspicion on travelers arriving with communications gear. Long, advance negotiations are often neces-

sary to bring a unit in, said Ron Mario, president of Comsat Mobile Communications, which provides satellite links.

But "as terminals get smaller and smaller," he said, "it's going to be more and more difficult for countries to prevent access."

The small size is due largely to the incorporation of the digital technology of computers into the phones. Such technology makes more efficient use of satellites' frequencies, allowing one satellite to handle more circuits and lowering the cost of individual calls. Digital also allows for a lower-powered signal to be used, so that the unit can be lighter and cheaper.

Because they use high-orbiting satellites, there are limits to how small the ground units can become. They must always be powerful enough to send and receive over 23,000 miles (37,000 kilometers) of open space to the satellites.

For that reason, another group of companies is convinced that the future lies with yet-to-be-built systems of satellites that would be in low orbits, perhaps just a few hundred miles up. Phones for these could shrink to the size of today's hand-held cellular units.

John Candy, 43, Comedian, Dies Of

Swiss Say 'No' in CIA Case

U.S. Won't Get Bank Documents

The Associated Press

BERN — Switzerland refused to provide the United States with documents from bank accounts on Friday for its case against a Central Intelligence Agency officer, Alphonse Hazen Ames, and his wife, who are accused of spying for Moscow.

But the Swiss prosecutor separately blocked three Swiss accounts belonging to the Ames family, pending investigation whether the couple had violated Swiss laws.

The Federal Justice Department said it was unable to cooperate with the American investigation because spying is a political crime and therefore outside the 1973 U.S.-Swiss legal assistance treaty.

The department said it was refusing the U.S. request to block the accounts or turn over bank documents for the American investigation.

It said the 1973 treaty specifically excluded legal assistance in the case of political crimes.

But a department spokesman, Polio Galli, announced later that the prosecutor had begun an investigation to determine whether any allegations against the Ames family came under Swiss federal jurisdiction.

The Swiss received the U.S. request a week ago in the case of Mr. Ames and his wife, Maria del Rosio Ames.

The Swiss statement said the couple had received \$1.5 million in exchange for information provided to the Russians since 1985 on secret operations of the CIA and about American agents in the former Soviet Union and in Russia.

Subsequently, American officials in Washington have put the amount at \$2.2 million.

American authorities said the money was partly in bank accounts in Zurich and Geneva. The United States requested that the accounts be frozen and that the Swiss hand over documents.

Switzerland has revised its banking secrecy laws and procedures in recent years to help to curb money laundering and activities related to drug trafficking and other crimes, but it refuses to go outside of its commitments under international agreements.

The United States listed bank accounts in Italy, three Swiss accounts and an account in Colombia.

Russian Soldiers, Sullen and Bitter, Drink Last Beer in Germany

By Stephen Kinzer

New York Times Service

WUNSDORF, Germany — As several companies of Russian soldiers bid their farewells to Germany one recent evening, their mood was as cold and bitter as the night air outside the shabby train station here.

"We're leaving because we're under orders to leave, but none of us want to go," an officer in his mid-40s said as he prepared for the long ride to Moscow. "I won't have a place to live when I get back home. The Germans killed millions of our people and burned a third of our country, and now they're all rich and we're being kicked out like dogs."

At the café where many departing soldiers stop to drink a last German beer, a Russian waitress said they seemed sullen and angry.

"Why should they be happy?" she asked. "They're going back to terrible conditions. Every one of them wants to stay here until the last possible moment. So do I."

The soldiers leaving Wunsdorf are among the last of what was once the largest Soviet force

outside the Soviet Union. Three years ago, there were 546,000 troops and civilians. Now there are fewer than 60,000, and the last soldier is due in August.

Although Russian troops are abandoning former Soviet outposts from the Baltic to the Caribbean to the South China Sea, the logistical challenge here has been greater than any other. This withdrawal also carries great political significance, marking not only the end of Moscow's domination of Central Europe but also the definitive end of the post-World War II era.

All foreign troops are to be withdrawn from Eastern Germany by the end of this year. French, British and American units in Berlin expect to leave in September.

Determined to meet their commitment to be out of Germany by Aug. 31, the Russians quickly drew up day-by-day plans. Fully packed trains, trucks, ships, and planes have been leaving for Russia almost daily since then.

More than 485,000 soldiers and dependents are already gone. So are 3,700 of the 4,200 tanks that were here three years ago, 7,000 of the 8,200

armored personnel carriers, 3,400 of the 3,600 artillery pieces and 1,100 of the 1,350 planes and helicopters. Officers have pledged not to leave even a single cartridge behind.

Much of the cost is being borne by Germany, which is also helping to pay the salaries of departing officers, build homes for them in various parts of the former Soviet Union, and teach them skills that will be marketable at home. In all, Germany has appropriated \$9 billion in grants and \$2 billion in interest-free loans, which will probably never be repaid.

Nearly all Germans consider this money well spent, a low sum to assure the speedy withdrawal of an occupying army.

"We are all very impressed with the professionalism the Russians are showing," said Helmut Domke, who is overseeing plans for conversion of Russian bases to civilian use at Brandenburg, Eastern Germany's largest state.

"For three years, they have been sending 120 rail cars a day on trips that are hundreds of kilometers long," he said. "They have moved 700,000 tons of munitions and explosives with-

out a single mishap. It's their last assignment in Germany, and, as a matter of military pride, they want to do it well."

The last Russian soldier to leave German soil will probably be General Matvei P. Burlakov, 58, who came here after overseeing the much smaller task of withdrawing Russian troops from Hungary. General Burlakov is the 16th Russian commander in a line that stretches back to Marshal Georgi K. Zhukov, who accepted the surrender of Berlin on May 2, 1945.

"When I came to Germany in 1990, I thought our relations would be more difficult," he said in one of the many interviews he has given recently. "During the Cold War years, we were taught that this country was an enemy and that our job was to fight the enemy," he said. "I came here still holding this Cold War mentality. I think I made a great mistake, and that all Soviet citizens were wrong as far as Germany is concerned."

"The Germans made the same mistake about the Soviets," he added. "I think both sides now realize this. Our relations are really quite cordial."

General Burlakov became agitated only when talking about the failure of Soviet negotiators and German contractors to guarantee living quarters for returning officers. Bonn agreed in 1990 to provide \$4.5 billion to build apartments for officers and their families, but construction has fallen behind schedule and many returning families are being housed in tents.

"We are completing our withdrawal 100 percent according to the agreed schedule," the general said. "Housing construction is only at 65 percent of the agreed schedule. That is not a civilized withdrawal."

"German leaders want the withdrawal completed as soon as possible. But our leadership at that time, Gorbachev and Foreign Minister Shevardnadze and the others, should have thought more carefully about what lies behind the withdrawal. People lie behind it."

"Now, 60,000 of our people have no housing, and with them 90,000 children, including 50,000 of school age. Because these people were not considered, we are forced to make them live in open fields."

A New Penal Code for France

Computer-Hacking and Graffiti Enter the World of 1810

By Barry James

International Herald Tribune

PARIS — France's penal code, a model for criminal-justice systems in much of the world, has undergone one of its biggest revisions since it was introduced at the beginning of the 19th century.

Ten years in the making and voted by the National Assembly in July 1992, the penal code reform introduced this week embraces a host of modern crimes, including computer hacking, sexual harassment, squatting, computer hacking, intentional environmental damage, terrorism and crimes against humanity.

One of the most important changes is the recognition that organizations — companies, associations, trade unions, political parties or governments — can be tried on criminal charges for acts committed by their members or representatives.

Had the code been in effect a couple of years ago, experts said, the national blood transfusion center could have been charged in the case in which four doctors were

convicted of allowing the distribution of blood products they had reasonable cause to suspect was contaminated with the virus that leads to AIDS.

Any organization found guilty of a crime faces fines five times bigger than those applied to individuals, and can also be dissolved.

Although less than 20 percent of the new code stems directly from the original penal code of 1810, it is still profoundly influenced by the earlier document, which replaced the arbitrary and confusing diversity of laws that existed in France before the Revolution.

The 1810 code was, in turn, inspired by the Revolutionary code of 1791 and the Enlightenment ideas of thinkers like Montesquieu and Cesare Beccaria, who sought to temper punishment with reason and relative humanity.

France's codification of laws and penalties have been many times modified by parliament, with major revisions in 1892, 1934 and 1978. It contrasts with the constantly evolving criminal-justice system in England and the United States, which is based on common law and judicial precedent.

Like the set of civil laws enacted in 1804, known as the Napoleonic Code, the French penal code influenced the laws of most countries of the Continent and Latin America.

The new code gives considerably more discretion to judges in what was intended as an attempt to make the punishment fit the crime, but which critics say will lead

to an increase in arbitrary sentencing.

The magazine *Nouvel Observateur* said sentencing in France had become a lottery, with the same offense attracting widely different sentences from one jurisdiction to another. In particular, prisoners whose cases are heard by a jury tend to get stiffer sentences than those who appear before magistrates.

A simple theft can be punished by anything from three months in jail to three years.

Experts said the code adapts to a society that places more emphasis on individual than collective rights and values. An example of this is that citizens owe no specific violence to protect their property, but must not willfully kill an intruder.

Reflecting public anger over several cases involving brutal crimes against children, the code includes a mandatory life sentence for anyone convicted of raping or murdering a child.

A new offense, and one that is certain to cause controversy in its interpretation, is the crime of placing others at risk of death or injury. A driver who runs a red light or crosses a solid line could be charged under this section even if no accident results.

Another potential cause of controversy is the crime of publishing anything violent or pornographic in any place where it is capable of being seen by a minor under the age of 15, including newspapers,



GOVERNMENT OUTLOOK — Prime Minister Edouard Balladur of France gazing out across a meeting of the Rhône-Alpes Regional Authorities Council on Friday in Charbonnières, near Lyon. Mr. Balladur has been under fire for a law on youth wage scales.

television or electronic bulletin boards.

Concern about public safety appears to have influenced the stiff penalties for crimes committed on or around means of public transport. "Tagging," or painting graffiti

on a train, for example, is punishable by a 25,000 franc (\$4,300) fine. Tagging a public building renders the offender liable to a three-year prison sentence. Stealing on a train, Métro car, bus, or station is punishable by a five-year prison sentence

and a fine of up to 500,000 francs. Experts say the latest revision of the penal code is probably the last one that will be carried out from a strictly national point of view. Future reforms, they said, will have to incorporate European law, and of-

fenses against the interests of the European Union, like cross-border fraud.

The old penal code will remain in effect for several years for crimes committed before the new code came into effect.

ISRAEL

3 More

Continued from Page 1

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Siberian Women on Fast for Wages

Washington Post Service

MOSCOW — Nine women of the Siberian settlement of Baykit have started a hunger strike to protest the Russian government's failure to pay anyone's salary in their town during much of the past year.

Two women said by telephone Friday.

The women, most of whom work for a state-financed oil-prospecting enterprise, said that chil-

dren in the town of 6,000 have been fainting from lack of vitamins or related malnutrition. The women, who began their hunger strike Wednesday, said they would continue it until the government took note of their plight.

Tatyana Kuzmina came to Moscow in January to plead Baykit's case to the prime minister's office and Finance Ministry. After her plight was described in the foreign press, government officials said

they had sent 1 billion of the 4.3 billion rubles owed to the town.

Svetlana Khudorovskaya, 36, said Friday that enough money got through for each worker to get about 50,000 rubles (\$30) in January.

But there has been no payment since, and no payment for the debt that had been piling up since last July. Baykit's stores carry nothing but pasta, bread and margarine, she said.

Mr. Mahathir said he could not accept the explanation of the paper's editor, Andrew Neil, that the report did not say that the prime minister himself was corrupt or had accepted or solicited a bribe.

An indefinite ban was imposed on Malaysian government contracts with British companies following publication of the report on Feb. 20.

The report said that a British construction company, George Wimpey International, had approved an initial \$50,000 in payments in 1985 "at the highest levels" to secure an aluminum contract.

"There is nothing to misunderstand," Mr. Mahathir said at a news conference. "It is quite clear that the inference was that I have received money in order to give the contract to Wimpey. If I misunderstand, then a lot of people also have misunderstood."

Mr. Neil, in a letter published Friday in *The Times* of London, reiterated that officials of the British company had approved payments. But he wrote:

"At no stage did *The Sunday Times* claim that Dr. Mahathir had sought such a bribe or been paid one."

"Indeed, the story made clear that, in the end, no money changed hands," Mr. Neil said.

Mayor Rudolph W. Giuliani has taken New York City's Transit Authority to task for restricting the filming of violent movie and television sequences on the subway. Transit officials say this gives the subway a bad name at a time when crime is decreasing and ridership rising. The mayor said, "I don't think you get the choice, if you want movies made in your city, to say, 'Well, the movie has to be favorable.'"

Some old wives' tales have turned out to be true, according to *The New York Times*. Carrots help you see better in the dark because they contain beta carotene, which prevents a degenerative disease of the eyes. Fish is a brain food because it contains zinc, a lack of which can impair mental function. Garlic or onions ward off colds because they kill various respiratory viruses. On the other hand, you can go swimming right after eating, and chocolate does not cause acne.

A recent visit in the Los Angeles Times offered a course in "SELF-DEFENSE" — Four-week martial arts program.

Arthur Higbee

U.K. Editor Is Rebuffed By Malaysia

Agence France-Press

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad rejected on Friday an effort by the editor of *The Sunday Times* of London to calm a dispute stemming from an article in the newspaper alleging high-level corruption in Malaysia.

Mr. Mahathir said he could not accept the explanation of the paper's editor, Andrew Neil, that the report did not say that the prime minister himself was corrupt or had accepted or solicited a bribe.

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"At no stage did *The Sunday Times* claim that Dr. Mahathir had sought such a bribe or been paid one."

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Security for Palestinians

Yasser Arafat is undoubtedly sincere in telling Washington he wants to get back to the bargaining table with Israel as soon as Palestinian anger over the Hebron massacre subsides. He wants to complete arrangements for the beginning of Palestinian self-rule in the occupied territories. But he insists that Israel first take steps that go well beyond the framework for self-rule that both sides agreed to last summer. That reaches too far.

By raising issues that are not ripe for resolution at this time, like uprooting Jewish settlements, disarming all settlers and deploying international peacekeepers, Mr. Arafat invites new and dangerous delays in the timetable for self-rule.

The September framework agreement provides for an interim period of self-rule for the Palestinian population in the occupied territories beginning with the Gaza Strip and Jericho. Israeli settlers and settlements would remain under Israeli rule, while Palestinian areas would come under Palestinian administration. More difficult issues affecting settlements, territorial definitions and the international political status of the Palestinian area were deferred for later discussion.

From the start, radical Palestinians attacked the agreement for not providing immediate statehood. After negotiating delays held up the start of Israeli troop withdrawals, moderate elements became disillusioned too. Finally, the Hebron killings triggered a flood of righteous outrage that made it impossible for Mr. Arafat to go on talking about prosaic matters of local administration.

The Israeli government has been trying to respond to Palestinian anger. Prime Minister Yitzhak Rabin scathingly denounced not only the assassin, Baruch Goldstein, but his fellow followers of the racist Rabbi Meir Kahane's teachings. Israel has taken unprecedented steps to disarm the most violent Jewish radicals and even expel them from the territories.

And it has accelerated the release of Palestinian political prisoners.

But this has not been enough to satisfy Palestinian opinion or bring Mr. Arafat back to the talks. Even the Clinton administration, usually sympathetic to Israel, urges Mr. Rabin to move beyond "tokenism" by broadening his crackdown on violent Jewish radicals. And Secretary of State Warren Christopher speaks of quickly extending self-rule, as defined in September, to the whole West Bank.

But the PLO goes much further. It asks that all Jewish settlers be disarmed, that the issues of settlements and Jerusalem be immediately put on the bargaining table and that international peacekeepers be deployed to protect Palestinian lives.

These demands are deal-breakers, as emotionally charged on the Israeli side as on the Palestinian. If the PLO insists on making them preconditions for proceeding with interim self-rule, there will be no interim self-rule.

Mr. Arafat needs to redirect his militance toward guarantees of security for Palestinians within the agreed framework. Israel must indeed do more to break the impasse created by the Hebron massacre. It needs to assure the Arabs of the occupied territories that, so long as they live under Israeli authority, the government of Israel will protect their security every bit as aggressively as it protects the security of Israeli Jews. That could mean prohibiting armed settlers from entering Arab population centers and subjecting other Israeli settlers to the same rigorous security checks that are now periodically applied to Arabs entering Israel proper.

The longer-term answer is self-rule, which will shift the responsibility for most Palestinian affairs, including physical security, into Palestinian hands. It is in everyone's best interests to get Mr. Arafat back to the table and quickly clinch the deal.

—THE NEW YORK TIMES.

Getting Tough, Sensibly

President Bill Clinton is moving in the right direction on the "three strikes" provision in the crime bill Congress. His alternative proposal, now being studied by the House Judiciary Committee, seems more sensible, but it is a much better proposal than either of the two provisions passed by the Senate.

Public support for "three strikes" arises out of an understandable dissatisfaction — escalating to fury in some cases — with multiple, serious offenders who serve one prison term after another and return to violence each time they are released. The solution, life in prison without possibility of parole after a third offense, is harsh. But it is out of line for those very violent offenders who pose the greatest threat to public safety. The problem with the Senate bill is that it is far too broad, imposing the penalty for a whole range of felonies, some of which — destruction of mailboxes, for example — are relatively minor property crimes.

President Clinton proposes a far more careful definition of violent crime. With one exception, it encompasses only those offenses that involve physical harm to individuals. These include murder, kidnapping, rape, aggravated assault and gun crimes, among others. Inexplicably, the list also includes arson

and defines it so broadly that it would cover the destruction of a bicycle or a tool shed far from any occupied building. These are property crimes that do not warrant life sentences. A more limited definition is needed.

Another major change in the Senate language has been suggested, but the president declined to endorse it. Criminal justice experts have pointed out that very few people over 50 commit violent crimes. They have suggested releasing chronic offenders who have completed their sentences, once they pass this threshold. We believe the idea at least deserves some debate, but the president apparently has decided that a clearer message is sent by staying with the simple "no parole" position. Any president has an option to grant clemency to an aged prisoner, of course, and perhaps that should be emphasized in the bill if an age-based amendment is not adopted.

The bill could require an annual review of this segment of the prison population for purposes of recommending clemency. This makes sense not only in terms of public safety but also as a reasonable remedy if prison overcrowding and the high cost of maintaining an aged population turn out, as has been predicted, to be a problem.

—THE WASHINGTON POST.

A White House Muddle

From now on, President Bill Clinton says, "everyone will be much more sensitive" about attending the improper meetings between White House and Treasury officials concerning the Resolution Trust Corporation's inquiry into a savings and loan association with close ties to him and Mr. Clinton.

Sure, that would be progress. But Mr. Clinton's tepid response explains why his administration is easily the most reckless in interfering with the integrity of federal investigative agencies since that of Richard Nixon.

Mr. Clinton's effort at political damage control follows the astonishing revelation that White House aides held three such improper meetings with senior Treasury officials.

Deputy Treasury Secretary Roger Altman, the acting RTC chief, told a Senate committee last week about the meeting he initiated several weeks ago for White House officials. This week came the news that there were two other White House meetings in October where other Treasury officials discussed the case with Bernard Nussbaum, the president's counsel, and other White House officials.

Faced with these repeated efforts to compromise the inquiry into Madison Guaranty Savings and Loan and the Whitewater case, the special counsel, Robert Fiske, must move swiftly. He should immediately subpoena all notes taken at the meetings and depose the participants under oath.

Meanwhile, the president must show that he is not the architect of this investigative sabotage by moving against those who violated basic conflict-of-interest principles. It is not enough that Mr. Altman recuse himself from the Madison inquiry. Treasury Secretary Lloyd Bentsen should remove him from his job as acting RTC head and install the next-highest-ranking untainted official to run the

agency on an interim basis. Similarly, Mr. Bentsen has caused to remove Jean Hanson, the Treasury counsel, for briefing Mr. Nussbaum in advance on where the supposedly independent RTC investigation was going.

Mr. Nussbaum should be dismissed. He seems to conceive of being "the president's lawyer" as a license to meddle with the integrity of any federal agency. First, he and his staff tried to involve the FBI in a politically inspired White House purge of employees of its travel office. When Vincent Foster, the deputy counsel, committed suicide, Mr. Nussbaum interfered with the investigation and transferred sensitive files to Mr. Clinton's private lawyer.

All this paints a picture of a White House dedicated to short-circuiting justice if that is what it takes to shield the financial affairs of Mr. Clinton, his wife, and their friends from scrutiny. This president desperately needs first-rate legal advice and a staff that is visibly under someone's managerial control.

The Whitewater inquiry itself will move onto more intriguing ground with The New York Times' disclosure about grand jury testimony that the Rose Law Firm may have been shredding documents belonging to Mr. Foster and Mrs. Clinton. If the shredding of the Foster documents took place after Mr. Fiske said that he was looking into the suicide, that action may be illegal. Mr. Fiske will have no choice but to question Mr. Clinton and Associate Attorney General Webster Hubbell, both former partners in the firm, about their knowledge of any destroyed documents.

Of course, punishing the incompetent and asserting firm conflict-of-interest principles requires a president who is dedicated to even-handed justice. So far there is scant evidence of those qualities.

—THE NEW YORK TIMES.

Bosnia: A Limited Use of Force Pays Off

By Stephen S. Rosenfeld

WASHINGTON — The crazy thing about Bosnia is that the United States, despite multiple defaults of judgment and will, may be coming out looking halfway good. Bosnia, of course, is a moonscape, a graveyard. But in the short-term terms that are the stuff of much governance and image-making, the Clinton administration stands to convert someone else's disaster into its own modest political relief.

President Bill Clinton, shocked by the mortar shell that killed 68 Serbians a month ago, finally found ways to assert U.S. leadership. He applied a limited but credible display of force. This permitted Washington to offer what is a dirty piece of diplomatic work but may still be a viable alternative to the marginally sadder initiatives of the United Nations and the European Union.

The readiness to deploy force has been of prompt and visible benefit to the Serb-besieged, mostly Muslim cities of Sarajevo and Tuzla, and it may benefit others. It lets Washington play bad cop to Moscow's good cop as the Russians bring their own influence to bear on the Serbs. American diplomatic enterprise is on view in this week's two-part agreement hammered out in Washington. The first part brings back together Bosnia's Muslims and Croats, who had fallen out. The second federates this new semi-restored Bosnia to Croatia proper.

For all its defects, this deal has a distinct moral edge over the terms that had been put forward by the United Nations and the Europeans. It at least acknowledges the principle of Bosnian multi-

tural and territorial integrity. It at least seeks the reversal of the effects of "ethnic cleansing." It begins to make amends to the Muslims, who are not themselves entirely innocent but who are the most injured Bosnian party.

The politics of the Muslim-Croat deal, however, are what makes it be taken seriously. To the Bosnian Muslims, the new arrangement offers a partial escape from the national death by partition that was being prepared by the UN and the Europeans. It gives them a Croat commander-in-arms and diplomacy in the struggle against the Serbs. It also gives them a hand from the West during one of the short moments of the last two years when a hand has been available.

As for the Bosnian Croats, the new deal lessens their isolation in Croatia and the international embargo that has been fastened upon them. The deal opens to cooperating Croats access to vital Western aid in security, compensation and rebuilding. Without this deal, Croatia would have no standing to ask help for what remains its priority goal: to remove Serbs' occupying troops—who are there to protect local Serbs, who need something— from large patches of Croatian territory.

The Bosnian Serbs are no immediate part of this deal. To help them grasp the implications of isolation, they now have the Russians talking quietly into their ear.

The Russians are not dumb in these matters. They are almost certainly advising the Serbs of the costs that moderation will deter and the advantages it may deliver. These costs include a Croat-Muslim coalition much better prepared for confrontation with Serbs. The advantages include the possibility of ending international economic sanctions, which are killing Serbia.

Russia now has troops in Croatia and Bosnia—a presence, carrying with it a say, that Tito and his immediate successors successfully prevented for almost half a century. Strategically this makes Washington nervous. Yet the Russian presence has its immediate tactical rewards.

Russia's evident purpose is to close down the war, not expand it. In a bold, unscripted Russian-American game, Moscow is protecting the Serbs against American-led military threats but also ousting Belgrade to compromise with the new American-led settlement drive. In the coming negotiations over the final shape and size of Bosnia, Bosnian Serbs will no doubt resist political shrinkage of their military gains. This will challenge Washington but test Moscow too.

I do not see that American policy is unfolding according to a grand plan. The endgame is better explained by pragmatism, recognition of changing circumstances, the fatigue of others and luck. Finally an internal administration consensus developed that permitted a wary president to get off the dime. A pity this did not happen two years and 200,000 deaths ago.

The Washington Post.

A Policy of Weakness Has Exacted a Terrible Cost

By Anthony Lewis

BOSTON — Opponents of firm Western action to stop Serbian aggression and genocide have argued that we Americans would only make things worse by intervening. And besides, they said, we have no security interest in a far-off conflict in the Balkans.

On those grounds we sat by while Serbian gunners fired more than one million shells into the Croatian city of Vukovar in 1991, flattening it. We sat by while the Serbs forced 2.2 million people out of Bosnia because of their religion, and seized 70 percent of the country.

Now, over a few weeks, we have tried strength instead of weakness. And lo and behold, it has worked. The Serbian forces are out 100 feet tall. They are men misled by cowards and demagogues and psychopaths, and they avoid any fight where they might face equal terms.

If the West had had leaders with backbone, instead of George Bush and John Major and Bill Clinton, it could have stopped this slaughter long ago, before the destruction of Vukovar, before "ethnic cleansing,"

before the marketplace massacre. Weakness has been a disastrous failure as a policy — and not only for former Yugoslavia. Can anyone doubt any longer that European security and the whole hope of a new international order after the Cold War have been gravely injured by Western weakness in this conflict?

If the Clinton administration continues its new turn toward fineness, pushing the Europeans along, it can still do some good. NATO could act to stop the slaughter in Magaj, for example. The United States could contribute soldiers urgently needed by the peacekeeping force.

But occasional acts of firmness cannot undo the damage of past weakness. Indeed, it is an ironic truth that cease-fires and UN patrols have the effect of legitimizing Serbian coquetry in Bosnia.

In Sarajevo itself, the neighborhood of Grbavica was seized by the Serbs in 1992 and non-Serbian inhabitants expelled. Some former residents tried to walk into Grbavica the other day, but the Serbian commander said he would use force to prevent any breach of the cease-fire line — even by civilians on foot.

The New York Times.

No Talk of Desert Gardens In a Process Without End

By A. M. Rosenthal

JERUSALEM — Five years ago this month about 50 Arab and Israeli intellectuals and diplomats met near a lake in Switzerland to pretend that their nations and peoples were at peace. What would they do with that peace? How could they join to enrich the economy and cultures of the Middle East? How could they best work together after decades of war and rage?

Most of the Arabs and Israelis at the Lausanne meeting could not leap across the table, let alone their way. The Israelis talked a lot about great technological and scientific cooperation to put deserts into joint bloom.

Arabs said we do not want to be patted on the head like needy natives. We want to make our own deserts bloom with our own technology. One reason we want peace is to get away from Israeli, not to make love in some garden of their fantasies.

In Israel the other day, presidents of American Jewish organizations met with Palestinian representatives. I was told that the message was pretty much the same: peace if possible, but the peace of divorce.

I have heard the contrast in tone and emotion before Lausanne and since. Often in New York I have listened to Jewish after-dinner speakers talk of the new Mideast that Israelis

and Arabs could create hand in hand.

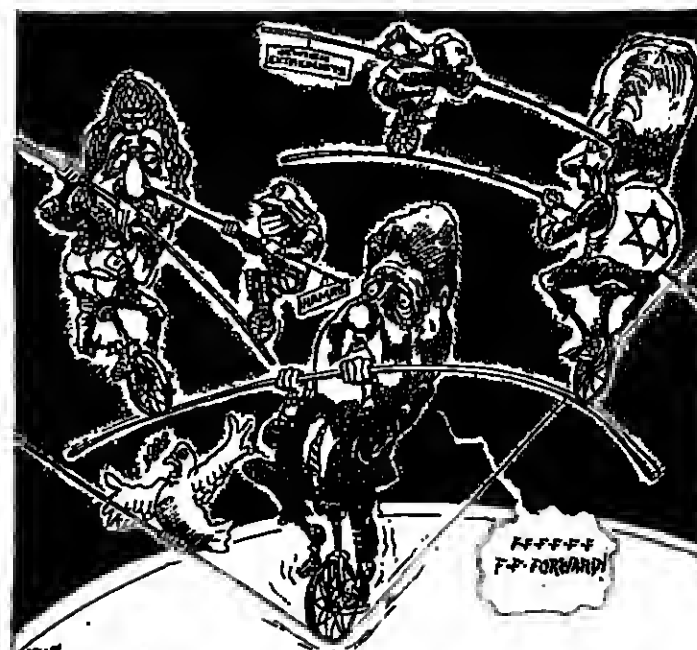
Once I asked a speaker, an Israeli Labor Party politician, to name a few Arab leaders who were making that speech to their people. He smiled but I think he thought I was just being rude.

Now, though, it seems to me, more Israelis are thinking that the best idea might be a swift, permanent divorce, terms to be fought over in negotiation and settled in advance, instead of the years of dangerous wrangling toward murky goals that the "peace process" calls for.

That thought began to root deeper even before the hideousness of the mass murder at the Hebron mosque. Jews and maverick Palestinians were being picked off one by one by people who one day would be responsible for both Jewish and Palestinian safety on the West Bank.

That does not seem a very peaceful process — particularly since neither Jew nor Arab knows how the negotiations are expected to end. It is supposed to be a matter of faith that one year they will end well. How much warmth is that meant to be mourners at cold gravesides?

Most serious negotiations have an understood goal — a labor contract, a divorce settlement, a treaty. The job is to use negotiations to build bridges to reach the goal, not to figure out



where those bridges might conceivably lead. That thought was put in my head by Kenneth Bialkin, the New York lawyer who has given many years of leadership to American Jewish organizations, after he took part in the conversations with the Palestinians this week.

But the Israeli-PLO scheme worked out at Oslo leaves open what is supposed to happen when it is all over, at least five years from now. Independent Palestine? Autonomous Palestine? Partitioned, confed-

erated, federated Palestine? What?

The uncertainty is fundamentally fiction. The Palestinians know what they want all right: independence. The Israeli government does not say exactly what it has in mind. To be specific would have driven away either the PLO or the Israeli public.

So for its own good reason Israel insists the end is a question it cannot talk about for a few years. Meanwhile it gives Palestinians conditions that would logically end in Palestinian independence — or war if not.

Israel has promised Palestinians swift control over Jericho and Gaza, withdrawal of Israeli forces from much of the West Bank, a Palestinian police force responsible for internal security. That is the dish of independence. Does anybody expect Palestinians then to say, how delicious but without permission I will not eat?

Labor says the negotiations will bring a decent peace. The Likud opposition says they will more likely bring war. Either way, calling Israelis from New York before I arrived, I heard nothing about desert gardens. Maybe it is better to forget them until another day, another century.

The New York Times.

After COCOM, a Danger of More Iraqs

By Stephen D. Bryen

WASHINGTON — An era will end this month when the United States, its NATO allies and Japan close down COCOM — the Coordinating Committee for Multilateral Export Controls. This decision is far more dangerous than the sweeping export liberalization measures just announced by the Clinton administration. Yet the implications of COCOM's demise have been largely ignored.

The decision will increase the risk of nuclear proliferation, giving rogue regimes such as North Korea's easier access to cutting-edge technology for nuclear warheads and long-range missiles.

Since its founding at the start of the Cold War, COCOM was one of the West's best tools for controlling exports of strategic technology to Communist countries. With the end of the Soviet Union, the dismantling of the Warsaw Pact and change in China, the committee's main purpose has been overtaken by events. It is to be replaced by a policy organization that simply sets broad guidelines, leaving it up to each member country to decide what technology it wants to control.

Under COCOM, every member government had to bring before the whole group any important license it proposed to grant to its technology exporters. Under its successor, there will be no more strategic lists and no review of licenses. The new body will be unable to play an effective role in halting nuclear proliferation.

Consider the Iraq case. Saddam

Hussein brilliantly exploited a deficiency in the Western export-control system. He understood that the United States and its allies coordinated their controls only on high-technology exports to Communist countries. He was thus able to buy an array of destructive technology for ostensibly peaceful programs.

Iraq's success has been documented by the United Nations and the inspectors of the International Atomic Energy Agency. Less well documented is governments' failure to control technology exports to Iraq. Even when there was no doubt that the intended use of the exported technology was for a weapons program, high-level officials found reasons to allow exports to be made.

In the Martin Churchill case in Britain, an astonishing collection of British government policy documents has been put on the record, showing that a "jobs" strategy took precedence over national security. This, I believe, is the type of thinking that has driven the Clinton administration's decisions on COCOM and on liberalizing export controls.

Given the dismal experience with Iraq, it would have seemed logical for policymakers to expand COCOM — not disband it — to handle the problem of nuclear nonproliferation among countries outside the old Communist orbit.

There is evidence that Iraq's ex-

ample is being copied by other countries, including Iran, Pakistan and North Korea. The North Koreans hope to persuade the West to tolerate an international nuclear inspection system like the one that was in place in Iraq — one in which the United Nations pretends to inspect and the world community pretends that the inspection was effective.

Evaluation of exports by the manufacturing countries can be carried out in such a way as to spare diplomatic vulnerabilities. That is precisely what COCOM did so well; the most sensitive export issue could be taken up and settled without creating a political crisis.

The key to the COCOM process — mandatory license coordination — meant that no government could operate as an independent agent. Any government wanting to export had to be able to defend that sale as being nonstrategic.

Just why the Clinton administration, in moving to dissolve COCOM, failed to insist on license coordination in any successor regime is unclear. Were there fears that the Europeans would balk? Was Washington blinded to national security issues by an obsession with exports and jobs? The effects of this U.S. policy, in any case, will be to dramatically weaken counterproliferation policy.

The writer, who heads a technology company in Washington, was deputy undersecretary of defense for trade security policy in the Reagan administration. He contributed this column to the International Herald Tribune.

For Russia, A Hand, Not An Embrace.

By Jeane Kirkpatrick

NEW YORK — The most important news on Russia of late was not the arrest of a CIA mole. It was the release from prison of the man who led the violent rebellion against the elected government in October.

The amnesty and release of the rebel leaders was a personal triumph for Vladimir Zhirinovskiy, who saw an opportunity in the new constitution, drafted the resolution providing amnesty, persuaded a large majority of members of the parliament to support it, and secured the release of the putschists over the opposition of President Boris Yeltsin and other democrats, some of whom predicted the release would lead to civil war.

Were they right? Will those who plotted a coup against Mikhail Gorbachev's reforms in August 1991, and those who led the rebellion in 1993 forge a broad coalition with followers of Mr. Zhirinovskiy? They may try.

The former vice president of Russia, Alexander Rutskoy, proclaimed his loyalty to the old regime when he left prison, wearing the uniform of a Soviet general. Mr. Zhirinovskiy was also in Soviet military uniform when he went to greet the leaders of the October rebellion as they left prison.

But Mr. Rutskoy looked more tired than fierce. It will take time for the former leaders of the former regime to form a coup, a war or a revolution — if that is what they intend. Nor is it clear that one of them could win the next presidential election.

The release of these men was a blow to the government, demonstrating again the strength of anti-democratic forces in the parliament and suggesting that Mr. Zhirinovskiy may be a more shrewd political operator than previously believed.

Yeltsin forces were surely right on the merits of the issue. No government serious about its survival or its authority can permit citizens to take up arms against it.

But in the past, Mr. Yeltsin has indicated that he understands the crucial importance of preserving authority and, since the release, he has unambiguously warned the plotters that he will immediately imprison them again if they break the law.

So, the re-entry of former leaders into Russian politics may not prove as important as feared. Some may avoid politics entirely. Others, who rose in a very different system, may find democratic politics distasteful. Mr. Rutskoy said to have demonstrated talent for civilian as well as military leadership. We will see. His miscalculation of the balance of forces in the October rebellion demonstrates that he lacks the skill of Lenin in the seizure of power.

If the anti-system leaders can be forced to compete in a democratic framework, they may be defeated for lack of popular support. Polls indicate that relatively few Russian adults (17 percent) trust Mr. Zhirinovskiy. Half believe he would take Russia into war. The most highly regarded leaders in Russia today are the reformers. Their challenge is to maintain the democratic framework and let the people decide.

Of course, events surrounding the amnesty constitute a warning to the West as well as to the Russian reformers. The defeat of democracy and its replacement by an expansionist dictatorship would be a catastrophe. Once again, therefore, the United States and other democracies should reflect on how they can help Russians consolidate a viable democracy.

No outsider can help forge greater unity and cooperation among the democratic parties, factions and politicians, though that is badly needed. But the United States and other democracies can help reinforce the government by treating democratic Russia as a full member of the club — including it in the Group of Seven, and in peacekeeping activities in and out of the United Nations. We can treat democratic Russia with the respect due a great power.

Russia is not a guest in Europe. Mr. Yeltsin said recently, "It is a full-fledged participant in the European community, one which has an interest in its welfare. This is what we've proceeded from."

And this is what we in the West should proceed from as well. Some American observers warn against embracing Mr. Yeltsin and his Russia, which they see veering toward assertive nationalism. I believe we should embrace one, but neither should we forget that Mr. Yeltsin is president and leader of Russia's democrats.

I believe the Clinton administration is right in stating its intention to provide political, economic and moral support for democratic reform in Russia — while there is time.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Jumbo Case of Fin

NEW YORK — A dispatch from Rockford, Illinois, mentions that the first case on record of an elephant suffering from influenza, has occurred there. The animal affected is known as Queen Jumbo, and is said to be the largest elephant in captivity. She was stricken on Friday and suffered intense agony from spasms during the day. She consumed ten gallons of whiskey, while half a barrel of mustard was applied to her externally, and hopes are entertained that this heroic treatment may save her life.

1919: Jobless Misery

LONDON — Speaking to-day [March 4] at the first meeting of the joint committee of employers and workers, Mr. Lloyd George said: "Russia has gone to pieces, and I am sorry to say that there are symptoms that Germany is going the same way. I should not be surprised if England has once more, and in more than one

sense, saved civilization." Referring to the miseries of forced unemployment, the Premier said: "Such a state of things can and ought to be abolished. Some scheme must be found, in the event of unemployment, that will prevent suffering, distress and famine from haunting the homes of honest workers."

1944: A Somber Tokio

PARIS — [From our New York edition.] A total of 9,800 "high-class entertainment" places in Tokio, ranging from the Imperial Hotel restaurant to numerous geisha houses, will be closed down today [March 5] for a year under an "emergency war-time measure" adopted by Premier General Hideki Tojo's government to "fit the mode of public living to war-time requirements." The Japanese news agency Domei said yesterday. Domei added that "all amusement with an admission charge of more than five yen [the exchange rate for the yen was 23 cents in 1940] will be banned."



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For Russia
A Hand, No
An Embrace

By Jeane Kirkpatrick

NEW YORK —

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Find out what the restructuring of China's economy really means for business.

Straight from the people who wrote it.

The International Herald Tribune and the State Commission for Restructuring the Economic Systems of China are inviting the world's business leaders to an unprecedented three-day Summit meeting on China's economic reform.

Its aim is to foster a dialogue as well as business development opportunities at the highest levels amongst the leaders of the Chinese government and the global business community.

The Summit, "The Socialist Market Economy of the People's Republic of China, 1994 - 2000: Implications for Global Business," will be held in Beijing on May 11th, 12th and 13th of this year.

Participating will be the major figures of the Government of China as well as key provincial government and state industry leaders. It will be a rare opportunity to hear and personally meet the people who are driving China's economic direction into the next millennium.

As you would expect with an event of this stature, it

will be a closed-door conference and will not be open to the general public.

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Herald Tribune

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ART

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March 5-6, 1994
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Truth and Beauty: Looking for Clues In Ortiz Collection

LONDON — How little we know about the distant past when so much could be discovered. At wide intervals, the exhibition of a private collection brings the extent of our devastating ignorance — and its causes — to our attention through the sheer power of beauty.

"In Pursuit of the Absolute," the George Ortiz collection of objects from the "ancient world" on view at the Royal Academy until April 6 does so in a way that academia and its museums never will. Firstly, there is the level of perfection in the display, of sheer visual intelligence that has yet to be matched in any institutional presentation, permanent or temporary. It takes the eye of a collector who has gazed at his objects in ecstatic wonder for hours, who has become intimately acquainted with their volume, their rhythm,

SOUREN MELIKIAN

even the sheen of their material, to achieve this harmony and pace in the interplay of art.

There is an unforgettable gathering of tiny black hematite animals from 3d millennium B.C. Sumer, presided over by a slightly bigger seated baboon. It feels like some anticipated illustration of the animal deliberations in the 8th-century fables of Kalila wa Dimna that inspired the French 17th-century writer La Fontaine. And there is the stunning tall case displaying what is the most beautiful lampstand of the 3d century B.C. to have come out of the Greek workshops of southern Italy. The feminine figure at the top is raised precisely to the level where it can be best seen. Near it, invisibly fixed, are four small masks, their smiles more marked, like an amplified reflection wafted in the air.

The visitor gets gripped by one object after the other, in a way that museums can never match with their cluttered displays in sequential order that induce glaze-eyed boredom. Soon, however, he is struck by the uncertainty surrounding the most remarkable among them. The hollow ring of labels that say nothing of substance, because nothing is known, goes more easily unnoticed in a museum. Here the fig leaf of archaeological jargon is less effective.

"Transitional Middle to Late Bronze Age, c. 1300 B.C. (Kosider Period)" sounds good, but says naught. It certainly yields not one whit of information about the unknown culture that produced an admirable bronze spiral, or the evolution that led to this degree of sophisticated abstraction in three-dimensional space. The provenance is not even established: the bronze spiral called an arm-guard (rather improbably) passed through six collections, starting in Vienna, before ending up in the hands of Ortiz. Concerning those that did come out of proper excavations, our understanding is equally limited.

Dozens of other pieces are likewise given hypothetical locations. The catalogue rambles endlessly about plausible provenance, possible dating, conceivable interconnections — all in bizarre prose that misses words ("rapport" for connection; "stance" for posture, etc.) and gives English grammar a knock or two.

Private collecting can be wonderful. It can also be destructive in providing outlets for objects excavated under circumstances "unknown." The comparisons with other pieces in museums made in the entries remind us that public collecting, alas, has been just as destructive on a considerably larger scale.

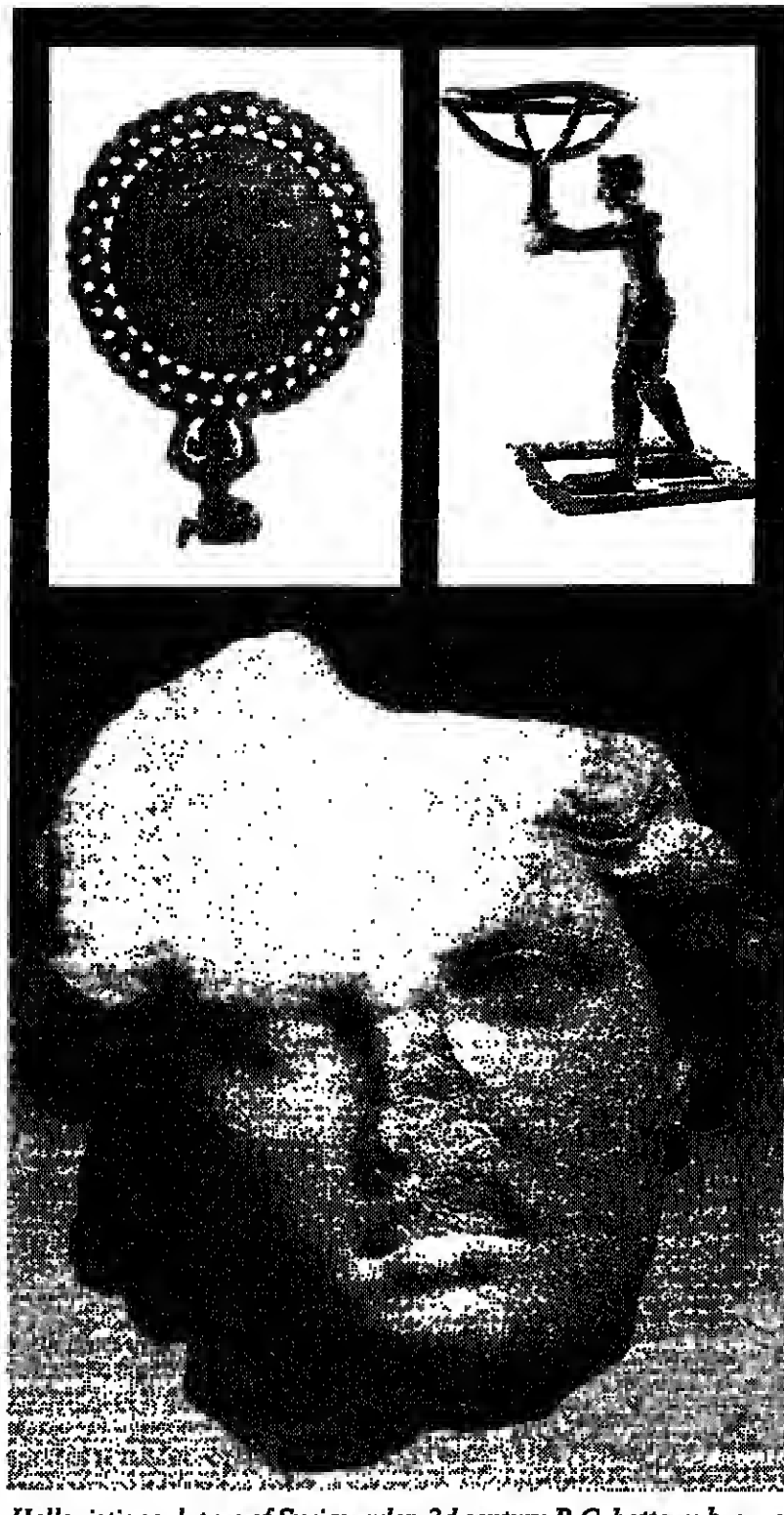
A British columnist took exception to the acquisition by Ortiz of objects of unknown parentage. Ortiz may not have spent much time in the British Museum, the Louvre or the Metropolitan Museum gazing, say, at the bronzes and pots from Etruria, Magna Graecia (southernmost Italy, Sicily) or the Ancient Near East. At a guess, the proportion of objects among them that were acquired on the market versus those excavated by archaeologists (particularly when it comes to the most admired masterpieces), must be in the area of 100 to 1.

In the most sensational among recent discoveries, it is still. At the beginning of the Ortiz show, a complete enigma greets the visitor, raising a major issue of cultural history. A copper group of three figures is perched on a ring-like support. They crouch, one knee touching ground level, the other at a right angle. All hold their hands joined in the gesture that was to become, 2,000 years or so later, the gesture of respectful salute in India, traveling later, with Buddhism, as far as Thailand and Cambodia. Later still, through some avatar, it became the prayer gesture of Christianity. But this bronze is not Indian. Probably dating from the 3d millennium B.C., it is related, through the handling of human form, and through costume, to other objects that have all popped up in Iran and Afghanistan — "Greater Iran," as Ortiz writes, meaning the areas that were historically and are still culturally Iranian.

SHOULD the ritual salute of the group be seen as a relic from some ancient culture on which the Iranians and the Indians drew when they came down from somewhere north as a single Indo-Iranian group that became differentiated later? The gesture would have gone out in the Iranian world but persisted in India. It may be years before such a question can be answered. If the archaeological context of this piece and others that relate to it — the exact location; the vegetal elements that might lead to carbon-14 dating; the association of each piece with other objects, etc. — had not been scattered to the winds, a lot more might be known. A whole chapter in the history of early mankind is being frittered away.

Another chapter, equally important, relating to the same area, is being destroyed, in "chance" find after "chance" find. Elam remains a great mystery in the early Middle East. It used to be thought of as the southwestern corner of present-day Iran. The impression one increasingly gets from the "chance" finds is that it spread deep inland and far to the east. It has long been known that the Elamites were closely associated with the foundation of the Achaemenid empire — accounts found on clay tablets at Persepolis, in the heart of Iran, are in Elamite. The splendor of their art is now largely illustrated by "accidental" finds, some reportedly made not far from Persepolis.

The Ortiz collection boasts a fabulous bronze bust supposedly of a young prince (so identified on the basis of tenuous inferential evidence). The Eastern laugh, lips closed, cheeks well rounded, anticipates much that appears in the low reliefs of Achaemenid art in the 6th century B.C. The small object, only 14.6 centimeters (5.7 inches) high, admirably proportioned, represents the classical moment of a school in full possession of its artistic and technical means of expression. Provenance? Period? All guesswork. The nature of its apparent connection with Sumer-



Hellenistic sculpture of Syrian ruler, 2d century B.C., bottom; bronze Elamite mirror, top left; copper stand bearer, 3d millennium B.C.

an art of the third dynasty of Ur escapes us — if the 12th century B.C. date suggested for the bronze has any foundation, it is later by a thousand years.

Wandering further West, one stumbles upon further riddles. Some appear in isolation. Scholars are still debating as to whether a fantastic stylized marble bird of the 3d millennium B.C. which features on the verge of abstraction, was carved in the western parts of present-day Turkey, or in the Cycladic islands — in 1976 it was included in the Cycladic show at the Badisches Landesmuseum, in Karlsruhe. I know of no more beautiful object that may be attributed to either art. It would be interesting to find out how — and where — this school of animal sculpture came about.

Other chapters of unwritten history await elucidation in the very heart of Western Europe. The admirable bronze warrior said to have been dug up "30 km. NNE of Rome" in the curiously precise wording of Ortiz, belongs to that broad gray area known as Italy art. It was supposedly cast in the 8th or 7th century B.C. Powerful, self-assured in its austere rigidity, it stands in relationship to

the later art of the Italian peninsula (Etruscan art, for example) or of Greece (to which it is sometimes ascribed) as Romanesque carving does to 16th-century Renaissance. Was there a whole independent development in this area, parallel to that of Greece?

At least questions can be formulated here. That is not even possible for Sardinia and its strangely expressive bronzes — one man in whom Ortiz recognizes a tribal chief has a face like a Bernard Buffet portrait. Nor is it with early bronzes from Spain. The five pieces in the show alone form a disparate gathering, not one convincingly relating to the other. The figure of a standing woman, one hand raised, her head thrown back, with a formal smile on her lips, is a marvelous work of art. But it is not much illuminated by the colorful compositions in which the entry indulges.

Masterpieces of art or casualties of history? Both characterizations are equally applicable in many cases. The man who went after these pieces knows a great object when he sees one. The beauty is as much our gain as the lack of knowledge is our loss. The speed with which we squander the buried treasure of the world's heritage is frightening.

Lost Eden of the Tainos Objects From a Massacred Culture

By Michael Gibson
International Herald Tribune

PARIS — When Christopher Columbus landed on the island of Hispaniola (now Haiti-Dominican Republic), he was welcomed by the Taino Indians. They gave the Spaniards every honor they could think of and piled them with food and gifts. Yet, despite the fact that they were the first people the Spanish navigators met in America, the public knows little about them. The exhibition of about 100 items at the Petit Palais (to May 29) is the first to be devoted to the Tainos anywhere in the world.

The Tainos' gentle ways made a profound impression on the European imagination. It was as though one had caught a glimpse of Eden. "Kind-hearted people," wrote Columbus, "unacquainted with cupidity." The Tainos believed in a future life in a garden paradise. This was one motive for cultivating their earthly gardens with great care and skill: "One could not find gardens as beautiful as theirs in Castile in the month of May," observed Columbus.

The Tainos, declares Jacques Kerchache, commissioner of the exhibition, "created a society of leisure, without a state, but nonetheless structured." Hispaniola, with its one million inhabitants, was divided into five provinces, with villages of between 500 and 2,000 inhabitants.

Long after their disappearance, the Tainos provided the model for Jean-Jacques Rousseau's "bon sauvage." Their neighbors in the Lesser Antilles were not as edifying to the Western imagination: the Caribs' name was given to the sea and the whole cluster of islands. Under the corrupted form of Canibals, this name is also the root of our word "cannibal." This not entirely lovable people regularly captured Taino men and women. They smoked and ate the flesh of the men, but bred the women and ate their children.

When Columbus first landed, there were about one million Tainos on Hispaniola. Ten years later there were 10,000; in 1568, only 13 remained.

What happened? The Spaniards' lust for gold soured relations almost immediately, leading to torture and massacres. But it was the settlers' need for unpaid labor that led to the extinction of the Indians. Brutal treatment was recorded and denounced by Bartolomé de Las Casas: "Within a period of three or four months, their parents having been dragged off to the mines, 7,000 children died." There were also mass suicides but, most striking of all, Taino women decided no longer to bear children. Those who failed to abort killed their children at birth. In 10 years' time, this peaceful little agricultural society was practically wiped out.

The exhibition provides a glimpse of daily life among the Tainos five centuries ago. Surviving objects fall into several categories. Ceremonial stools known as *dubos* were a sign of rank. Columbus and his crew were offered many wooden *dubos*, some with eyes encrusted with gold. The gold was extracted, the *dubo* thrown away.

The *dubo* is a four-footed figure sometimes with a head atop the backrest (and carved genitals



A zemi from the early 16th century.

between the legs), but a grinning head could also be placed between the sitter's legs, in which case the backrest became a stylized raised tail.

The main religious ceremony was the *cohoba*, which surrounded the taking of powdered hallucinogenic herbs. Participants first thrust a long, intricately carved spindly down their throat to purify their bowels by throwing up. The powder was placed on the dish-shaped top of a carved divinity, the *zemi*, and inhaled through twin pipes placed in the nostrils. The inhaler was also carved in a human shape.

A number of sculptures and clay figures show a bony figure sitting on his *dubo* in a trance. Some *zemis* were made of cotton and there is one rather eerie one woven over a human skull.

Another Taino ritual was a ball game played with a rubber ball that bounced very high — the object of the game was to keep the ball aloft as long as possible. A Taino playing field can still be seen near San Juan de la Maguana in Puerto Rico. The exhibition includes a considerable number of carved stone objects related to this game.

Perhaps the most striking vestiges of this culture are the abstract stone *zemis* in the shape of three-pointed stars. A large number of them have been assembled in one room, and their diversity is fascinating. Some grow heads on the lower points, others develop a face between the upper point and a lower one, like our own conventional image of a face in the crescent moon. The totally abstract ones appear more attuned to current aesthetics, leaving one to wonder about the society that produced such a wide range of objects, some fierce, some humorous and some sublime.

Streisand Collection Brings \$5.8 Million

New York Times Service

NEW YORK — Barbra Streisand's collection of Art Deco and Art Nouveau was auctioned by Christie's for \$5.8 million, well above the \$4 million the auction house estimated the sale would bring. More than a third of the total, \$2 million, came from a single painting, Tamara de Lempicka's "Adam and Eve" from 1932, a record for a painting by that Art Deco artist and well above Christie's top estimate of \$800,000.

From Beverly Hills after the Thursday sale, Streisand said by telephone: "I was working out with my exercise

teacher and when the bidding went over the top, I screamed. I paid only \$135,000 for it 10 years ago."

The bidding on the 176 items from Streisand's collection was heavy throughout. All the items sold, most of them for more than the presale estimates. "An awful lot of the success of the sale had to do with the fact that this was Barbra Streisand's collection," said Christopher Burge, the chairman of Christie's in America, who was the auctioneer. The major disappointment was a Louis Comfort Tiffany chandelier, which brought \$717,500, below the estimate of \$800,000 to \$1 million. "I made more than 100 times what I paid for it," said Streisand. "My motto is 'Be a bull, be a bear but don't be a pig.'"

PARIS FASHION

New Romantics Debut at Louvre

By Suzy Menkes
International Herald Tribune

PARIS — Fashion's new romantics took to the runway on Friday — all fuzzy hair, faded flower prints and soft dresses. They kicked off the fall shows of a landmark season.

For the first time, the Paris ready-to-wear collections are being staged at the Carrousel du Louvre, the new purpose-built subterranean venue that removes the shows from the circus tents and into a clinical, but professional and permanent environment.

"It is a big moment for French fashion and a demonstration of the power of Paris," said Jacques Mouchier, who instigated the changes as president of the Chambre Syndicale, fashion's ruling body.

"There are 38 presentations at the Louvre — more than half the showings — and I am happy to find that those who were at first critical are now convinced about the new arrangements."

The season is also significant for its united nations of fashion that make Paris unconditionally and uncontestedly the epicenter of the fashion world.

Foreign designers make up about a third of the shows, which include a strong Asian presence. Mouchier says that the foreign invasion is part of the strategic planning over 20 years by the Chambre Syndicale to welcome all comers to Paris.

Any complaints from the traditional French houses that they are being engulfed by the new wave reflects the current jostling for position on an overcrowded calendar.

But Mouchier says that this is an interim problem: Many of the new names may not stay the course. Five years is the moment to judge if a house that may seem hot now has staying power.

The Belgian Dries Van Noten founded his house in Antwerp in 1985. His show on Friday promises a bright future. For he managed to capture the elusive spirit of modernity in his long, poetic, post-feminist



One of Dries Van Noten's graceful flowered prints.

silhouettes, in his subtle mingling of fabrics and above all in the way that the varied pieces were put together. And not an outfit came out that could not have walked right out on the street, providing that the wearer has the sweet face of youth.

The collection started on a melancholy note with the all-black garb beloved by existentialists and fashion groups. But Van Noten's choice of venue — a moldering museum with dull gilding and faded tapestries — underlined the message of the materials that enlivened the black parade. Everything looked old, faded and worn, but as though it had started its life as a piece of lustrous silk or deep blue wool.

They had metamorphosed into a

plain dress with a slip of silk at the hem, a kimono soft coat tied over a long skirt or a cropped sweater pulled over a dress that was the show's big statement. By the time he brought out the best — prints of flowers colored brown like the varnish on a Vermeer painting — the models had a lyrical grace.

"A fashion poet? That's for you to say, but it's O.K. with me," said Van Noten after the show. "I wanted nice women of all ages and different shapes, and I like to play with color and form."

Mariot Chanet's romance was tough to take and hard to view because so much of the collection was in impenetrable black. But once the eye in the sun-filled space

adjusted to the strange headgear sprouting at the sides, the show took shape. It was, like so much avant-garde design, about wrapping and tying and draping, rather than traditionally tailored silhouettes. And it was also about the all-important juxtapositions of fabric.

That might mean a satin Chinese jacket gleaming against felted wool (knitwear already seems a key to the new season). Padded jackets in white as well as black stood away from, skinny wrapped dresses or pants. At night sparkles on chiffon contrasted with the deep black of a velvet dress that wrapped the body in a feminine, modern way. The design duo of Olivier Chateau and Michel Meunier worked with Thierry Mugler and Comme des Garçons respectively.

Christophe Lemaire, who won the Prix de Création of the city of Paris last month, was in the studio of Christian Lacroix. Lemaire sent out the bathrobe coat, that may turn out to be a hot item of the season. Using candy-wrapper fabric and other night-for-day materials like lures for sweaters was his strongest suit.

Junya Watanabe, a protégé of Comme des Garçons, opened the Paris collections with a shock of color and an even greater shock of Afro hairstyles. He focused on the blanket, in brightly colored plaid, feather-light mohair or boiled wool, a material favored by young designers because its felted surface can be sculpted, rather than tailored, to the body.

For the finale, the plaids came out as scarves snaking round the hips as scarves round simple black jumpers. Not everything was so simple. A tricky effect echoing Comme's early days were sweaters that grew so far at the wrist they could have contained a giant's limbs.

But Watanabe's optimistic colors and romantic approach to dressing in a dress made a bright opening to the long Paris season that closes on Friday.

auCTION sales

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Monday, March 14, 1994

Room 4 at 2 p.m. - ART DECO, PAINTINGS, FURNITURE, OBJETS D'ART, BARON-RIBERYRE, 5, rue de Provence, 75009 PARIS. Tel: (1) 42 46 00 77 - Fax: (1) 45 23 22 92.

Tuesday, March 15 - Wednesday, March 16, 1994

Room 2 at 2.15 p.m. - ARMS, HISTORICAL SOUVENIRS, DECORATIONS, EXPENS. MM. J.P. Duchiron, R. Moulier, ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In NEW YORK please contact Kemy Maisonrouge & Co Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone (212) 735 9737 38 13 - Fax: (212) 861 14 34.

Friday, March 18, 1994

Room 14 at 2.15 p.m. - OLD AND MODERN PRINTS. Expert: Mrs. D. Rousseau, ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In NEW YORK please contact Kemy Maisonrouge & Co Inc. 16 East 65th Street, fifth floor, N.Y. 10021. Phone (212) 735 9737 38 13 - Fax: (212) 861 14 34.

Monday, March 21, 1994

Rooms 1 & 7 at 8.30 p.m. - IMPORTANT ABSTRACT AND CONTEMPORARY PAINTINGS, SCULPTURES, ADAMI, AGAM, ALECHINSKY, APPEL, ARMAN, BA, BASQUIAT, BROWN, CALDER, CARDENAS, CESAR, CHAISSAC, COMBAS, DIEBRE, DOKOUPIL, ERRO, FALTRIER, GEAR, HARTUNG, HAYTER, HELJON, HUCLEUX, SERRO JA RHIEZ, LAM, LANSKOY, LAPOQUE, MANESSIER, MASSON, MATHEU, MATTIA, MICHAUX, PANAMARENKO, PINCEMIN, PUENSA, POLAKOFF, RIOPELLE, de SAINT-PHALLIE, SAURA, SCHNEIDER, SPOERER, STELLA, TAJANI, TAKIS, TAL COAT, TAPIES, TSINGOS, UBAC, VENET, VIALAT, VIERA DA SILVA, WARHOL, ZAO WOU-KI. On view at the auctioneer's office from Monday March 7 to Friday March 11, 10 a.m. - 2 p.m. - 6 p.m. Saturday March 12, 11 a.m. - 6 p.m. Monday March 14 to Thursday March 17, 10 a.m. - 1 p.m. - 2 p.m. - 6 p.m. At the Hotel Drouot: Saturday March 19 and Monday March 21, 11 a.m. - 6 p.m. Catalogue on request at the auctioneer's office FF 100, Europe FF 120, other country FF 140. LOUDBERGER, 7, rue de Rossmi, 75009 Paris. Tel: (1) 44 79 50 50. Fax: (1) 44 79 50 51.

Tuesday, March 29, 1994

Rooms 5 & 6 at 2 p.m. - OLD MASTER PAINTINGS, 17th, 18th, 19th FURNITURE AND OBJETS D'ART. MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

DROUOT MONTAIGNE
15, avenue Montaigne, 75008 Paris - Tel: (1) 48 00 20 20.

Tuesday, March 22, 1994

At 8.30 p.m. - ART NOUVEAU: GALLE, DAUM, MAJORELLE, ARGY-ROUSSEAU, LAIQUE, etc. MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Thursday, March 24, 1994

At 8.30 p.m. - ART DECO: LEROUX, RUHLIMANN, SUE & MARE, MERE, PRINZ, CHAREAU, JUNG, MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

Friday, March 25, 1994

At 8.30 p.m. - IMPORTANT MODERN AND CONTEMPORARY PAINTINGS, PRINZ, CHAREAU, JUNG, MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

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- subscription delivered to your home ☐ (17)
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- buy occasionally from newsagent / newsstand ☐ (5)
- friend or colleague's copy ☐ (6)
- airline / hotel copy ☐ (7)

- 2a. How often do you usually read or look at the IHT?
- 5 - 6 days a week ☐ (1)
- 3 - 4 days a week ☐ (2)
- 1 - 2 days a week ☐ (3) (17)
- Less often than once a week ☐ (4)

- 2b. Where do you usually read or look at the IHT? (Please check all that apply)
- At home ☐ (1)
- At work ☐ (2)
- Traveling abroad ☐ (3) (15)
- Traveling to and from work ☐ (4)
- Elsewhere ☐ (5)

- 3a. Does your spouse/partner read your copy of the IHT?
- Yes ☐ (1)
- No ☐ (2) (14)

- 3b. And how many people in total, excluding yourself, usually read your copy of the IHT?
- One ☐ (1)
- Two ☐ (2)
- Three ☐ (3)
- Four ☐ (4)
- Five or more ☐ (5) (15)
- No one else ☐ (6)

4. How interested would you be in reading a lengthier, magazine-type article in the IHT?
- Very interested ☐ (1)
- Quite interested ☐ (2)
- Not very interested ☐ (3) (18)

TRAVEL

5. Approximately how many business air trips did you make in the last 12 months? (Count a round trip as one).
- None ☐ (0)
- 1 - 2 ☐ (1)
- 3 - 5 ☐ (3)
- 6 - 9 ☐ (6)
- 10 - 19 ☐ (7)
- 20 - 34 ☐ (8)
- 35+ ☐ (9) (17)
- IF NONE SKIP TO Q8

6. To which of the following destinations did you fly on business in the last 12 months?
- | | | |
|---|--|---|
| EUROPE | THE AMERICAS | |
| Belgium / Luxembourg <input type="checkbox"/> (1) (18) | USA <input type="checkbox"/> (1) (20) | Indonesia <input type="checkbox"/> (1) (17) |
| France <input type="checkbox"/> (2) | Canada <input type="checkbox"/> (2) | China <input type="checkbox"/> (2) |
| Germany <input type="checkbox"/> (3) | Latin America <input type="checkbox"/> (3) | Australia <input type="checkbox"/> (3) |
| Italy <input type="checkbox"/> (4) | | New Zealand <input type="checkbox"/> (4) |
| Spain <input type="checkbox"/> (5) | ASIA/PACIFIC | Other Asia/Pacific <input type="checkbox"/> (5) |
| Switzerland <input type="checkbox"/> (6) | Hong Kong <input type="checkbox"/> (6) | MIDDLE EAST <input type="checkbox"/> (6) |
| Netherlands <input type="checkbox"/> (7) | Singapore <input type="checkbox"/> (7) | AFRICA <input type="checkbox"/> (7) |
| Scandinavia / Finland <input type="checkbox"/> (8) | Japan <input type="checkbox"/> (8) | |
| British Isles <input type="checkbox"/> (9) | Taiwan <input type="checkbox"/> (9) | ELSEWHERE <input type="checkbox"/> (9) |
| Russia <input type="checkbox"/> (1) (19) | Thailand <input type="checkbox"/> (10) | |
| Other Eastern European Countries <input type="checkbox"/> (2) | Malaysia <input type="checkbox"/> (11) | |

- 7a. For business trips, which class of air travel do you usually use?
- | | |
|--|---|
| FOR SHORT-HAUL TRIPS (Up to four hours) | FOR LONG-HAUL TRIPS (Over four hours) |
| First Class <input type="checkbox"/> (1) (22) | First Class <input type="checkbox"/> (1) (22) |
| Business Class <input type="checkbox"/> (2) | Business Class <input type="checkbox"/> (2) |
| Economy <input type="checkbox"/> (3) | Economy <input type="checkbox"/> (3) |
| No such trips <input type="checkbox"/> (4) | No such trips <input type="checkbox"/> (4) |

- 7b. Do you belong to an airline's executive/frequent flier club? Yes ☐ (1) No ☐ (2) SKIP TO Q8 (14)

- 7c. If yes, which one(s) do you mainly use? (Please write in)
1. _____ 2. _____ 3. _____

8. In the last 12 months, approximately how many nights have you spent in hotels on business?
- None ☐ (0)
- 1 - 7 ☐ (1)
- 8 - 14 ☐ (2)
- 15 - 29 ☐ (3)
- 30 - 49 ☐ (4)
- 50 - 74 ☐ (5)
- 75 or more ☐ (6) (21)

9. In the last 12 months, how many times have you rented a car (for business or personal reasons, at home or abroad)?
- Not rented ☐ (0)
- 1 - 2 rentals ☐ (1)
- 3 - 6 rentals ☐ (2)
- 7 - 14 rentals ☐ (3)
- 15 rentals or more ☐ (4) (21)

10. Please indicate whether you have done either of the following in the past 12 months:

- | | | |
|--|------------------------------|-----------------------------------|
| | FOR PERSONAL REASONS | FOR BUSINESS REASONS |
| Flown in a privately chartered aeroplane | <input type="checkbox"/> (1) | <input type="checkbox"/> (2) (22) |
| Used your company's private aeroplane | <input type="checkbox"/> (1) | <input type="checkbox"/> (2) (22) |

- 11a. Please indicate whether you own any of the following companies' calling cards, excluding pre-paid telephone cards. (Please check all that apply)

- AT&T ☐ (1)
- Other ☐ (4)
- MCI ☐ (2)
- Do not own one ☐ (3) SKIP TO Q.12
- Sprint ☐ (3) (23)

- 11b. How many times, on your last business trip outside your own country, did you use your calling card?

- None ☐ (1)
- Once ☐ (2)
- Twice ☐ (3)
- 3 - 5 times ☐ (4)
- 6 - 9 times ☐ (5) (20)
- 10 or more times ☐ (6)

ABOUT YOU

- 12a. Of which country (or countries) are you a citizen? (Write in) (21-23)

- 12b. In which country are you currently resident? (Write in) (21-23)

- 12c. For how long have you been living in your present country of residence?

- Less than 6 months ☐ (1)
- 6 - 12 months ☐ (2)
- 1 - 2 years ☐ (3)
- 2 - 5 years ☐ (4)
- 5 - 10 years ☐ (5) (24)
- 10 or more years ☐ (6)

13. Are you? Male ☐ (1) Female ☐ (2) (24)

14. What is your age?
- Under 25 ☐ (1)
- 25 - 34 ☐ (2)
- 35 - 44 ☐ (3)
- 45 - 54 ☐ (4)
- 55 - 64 ☐ (5) (25)
- 65 or over ☐ (6)

15. What is the highest educational level you attained?

- Doctorate/ higher university degree ☐ (1)
- MBA ☐ (2)
- University degree/ equivalent professional qualification ☐ (3) (26)
- Secondary or high school ☐ (4)

16. Into which of the following groups does your pre-tax annual household income from all sources fall? (Check in US\$ or write in your own currency)

- Up to US \$50,000 ☐ (1)
- \$50,000 to \$74,999 ☐ (2)
- \$75,000 to \$99,999 ☐ (3)
- \$100,000 to \$149,999 ☐ (4)
- \$150,000 to \$199,999 ☐ (5) (27)
- \$200,000 to \$249,999 ☐ (6)
- \$250,000 to \$499,999 ☐ (7)
- \$500,000 or more ☐ (8)

Or annual income in own currency (write in) _____

- 17a. How many cars are there in your household, including any company cars?

- No car ☐ (0)
- One ☐ (1)
- Two ☐ (2)
- Three or more ☐ (3) (28)

- 17b. What do you estimate to be the current cost of your main car, if purchased new (to the same specification)?

- Under US \$15,000 ☐ (1)
- \$15,000 to under \$25,000 ☐ (2)
- \$25,000 to under \$40,000 ☐ (3)
- \$40,000 to under \$75,000 ☐ (4) (29)
- \$75,000 or more ☐ (5)

18. Which, if any, of these cards do you use? (Please check as many as apply)

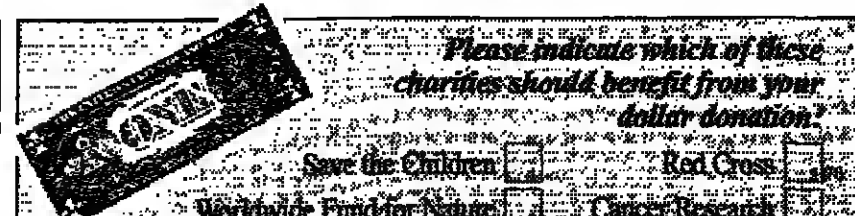
- Access/Eurocard/Mastercard (Gold) ☐ (1)
- Access/Eurocard/Mastercard ☐ (2)
- American Express Gold/Platinum ☐ (3)
- American Express Green ☐ (4)
- Diners Club ☐ (5) (30)
- Visa Gold/Premier ☐ (6)
- Visa/Carte Bleue ☐ (7)
- None of these ☐ (8)

- 19a. Which, if any, of the following types of investment do you or members of your household have?

- Stocks and Shares ☐ (1) (31)
- Bonds ☐ (2)
- Government Securities ☐ (3)
- Investment funds (including Mutual Funds/Unit Trusts) ☐ (4)
- Private Pension Plans ☐ (5)
- Life Assurance Policies ☐ (1) (31)
- Derivative Products ☐ (2)
- Gold/Precious Metals ☐ (3)
- Real Estate (excluding main residence) ☐ (4)
- Collectibles (art, antiques, coins, stamps, etc.) ☐ (5)
- Other ☐ (6)

- 19b. What is the approximate total value of the above and any other investments (excluding your main home) owned by you and members of your household (in US \$)?

- Under US \$50,000 ☐ (1)
- \$50,000 to under \$100,000 ☐ (2)
- \$100,000 to under \$250,000 ☐ (3)
- \$250,000 to under \$500,000 ☐ (4)
- \$500,000 to under \$1 million ☐ (5) (32)
- \$1 million to under \$5 million ☐ (6)
- US \$5 million or more ☐ (7)



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YOUR OCCUPATION

20. Are you ... ?
- Working full-time ☐ (1)
- Working part-time ☐ (2)
- Student ☐ (3)
- Retired ☐ (4)
- Not in a paid occupation ☐ (5) (33)
- Other ☐ (6)

If you are not working full-time or part-time, please skip to bottom of page.

21. What is the principal activity of the organisation for which you work?

- | | |
|--|--|
| Primary/Public Utilities <input type="checkbox"/> (1) (34) | Education <input type="checkbox"/> (1) (33) |
| Manufacturing/Engineering <input type="checkbox"/> (2) | Legal <input type="checkbox"/> (2) |
| Wholesale/Retail <input type="checkbox"/> (3) | Medical <input type="checkbox"/> (3) |
| Financial Services <input type="checkbox"/> (4) | Government/Diplomatic Service <input type="checkbox"/> (4) |
| Other Business Services <input type="checkbox"/> (5) | Other (Write in) <input type="checkbox"/> (5) |

22. What is your job status?

- | | |
|---|---|
| Proprietor/Partner <input type="checkbox"/> (1) (35) | Legal Practitioner <input type="checkbox"/> (1) (36) |
| Chairman/Chief Executive/President <input type="checkbox"/> (2) | Medical Practitioner <input type="checkbox"/> (2) |
| Managing Director/General Manager <input type="checkbox"/> (3) | Scientist/Researcher/Technologist <input type="checkbox"/> (3) |
| Other Senior Management <input type="checkbox"/> (4) | Academic <input type="checkbox"/> (4) |
| Middle Management <input type="checkbox"/> (5) | Teacher <input type="checkbox"/> (5) |
| Executive <input type="checkbox"/> (6) | Senior Government Officer/Diplomat <input type="checkbox"/> (6) |
| Self Employed/Independent Consultant <input type="checkbox"/> (7) | Other (Please give details) <input type="checkbox"/> (7) |

23. For which, if any, of the goods and services listed below are you wholly or partly responsible for company decisions to purchase or lease, or to appoint or change a supplier? (Please check as many as apply)

- | | |
|--|---|
| COMPUTERS/SOFTWARE (37) | CORPORATE FINANCIAL SERVICES (38) |
| Network Systems <input type="checkbox"/> (1) | Corporate Financial Services <input type="checkbox"/> (1) (38) |
| PCs/Desktop Computers/WPs <input type="checkbox"/> (2) | Fund Management <input type="checkbox"/> (2) |
| Laptop Computers <input type="checkbox"/> (3) | Foreign Exchange <input type="checkbox"/> (3) |
| Computer Peripherals <input type="checkbox"/> (4) | Insurance Services <input type="checkbox"/> (4) |
| Software/Software Services <input type="checkbox"/> (5) | Company Credit Cards <input type="checkbox"/> (5) |
| TELECOMMUNICATIONS | BUSINESS SERVICES |
| Facsimile Equipment <input type="checkbox"/> (6) | Legal Services <input type="checkbox"/> (6) |
| Telecommunications Systems or Equipment <input type="checkbox"/> (7) | Management Consultancy Services <input type="checkbox"/> (7) |
| OTHER EQUIPMENT (39) | Executive Recruitment <input type="checkbox"/> (8) |
| Photocopiers <input type="checkbox"/> (1) | Management Training Courses <input type="checkbox"/> (1) (39) |
| Company Aircraft <input type="checkbox"/> (2) | Company Travel <input type="checkbox"/> (2) |
| Company Vehicles <input type="checkbox"/> (3) | Conferences/Exhibitions <input type="checkbox"/> (3) |
| Plant and Equipment <input type="checkbox"/> (4) | PR/Marketing/Advertising/Market Research <input type="checkbox"/> (4) |
| Scientific Instruments <input type="checkbox"/> (5) | Courier/Freight Services <input type="checkbox"/> (5) |
| Raw Materials <input type="checkbox"/> (6) | Information Services <input type="checkbox"/> (6) |
| Business Premises/Industrial Site Selection <input type="checkbox"/> (7) | Data Management <input type="checkbox"/> (7) |
| FINANCIAL SERVICES | None of these <input type="checkbox"/> (8) |
| Domestic Banking <input type="checkbox"/> (8) | |
| International Banking <input type="checkbox"/> (9) | |

24. Does your company operate outside the country in which you are currently based? Yes ☐ (1) No ☐ (2) (40)

25. How many people does your company employ ...

- | | | | | | |
|---|------------------------------------|-------------------------------------|--------------------------------------|--|---|
| Under 10 <input type="checkbox"/> (1) | 10-49 <input type="checkbox"/> (2) | 50-249 <input type="checkbox"/> (3) | 250-999 <input type="checkbox"/> (4) | 1000-4999 <input type="checkbox"/> (5) | 5000+ <input type="checkbox"/> (6) (41) |
| a) in your country of residence? <input type="checkbox"/> (1) | <input type="checkbox"/> (2) | <input type="checkbox"/> (3) | <input type="checkbox"/> (4) | <input type="checkbox"/> (5) | <input type="checkbox"/> (6) |
| b) worldwide? <input type="checkbox"/> (1) | <input type="checkbox"/> (2) | <input type="checkbox"/> (3) | <input type="checkbox"/> (4) | <input type="checkbox"/> (5) | <input type="checkbox"/> (6) (41) |

- 26a. Which of the following international activities do you carry out in the course of your work?

- I purchase goods/services from suppliers in other countries ☐ (1)
- I influence strategic decisions about the company's international operations ☐ (2)
- I manage the company finances at an international level ☐ (3) (42)
- I raise capital or invest funds internationally ☐ (4)
- None of these ☐ (5)

- 26b. In which of the following countries/regions are you involved in the course of your work?

- | | |
|--|--|
| Western Europe <input type="checkbox"/> (1) (43) | Africa <input type="checkbox"/> (1) (43) |
| Other Europe <input type="checkbox"/> (2) | Japan <input type="checkbox"/> (2) |
| USA / Canada <input type="checkbox"/> (3) | South East Asia <input type="checkbox"/> (3) |
| Latin America <input type="checkbox"/> (4) | Other Asia <input type="checkbox"/> (4) |
| Middle East <input type="checkbox"/> (5) | Australia/New Zealand <input type="checkbox"/> (5) |
| | None of these <input type="checkbox"/> (6) |

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POST CODE _____

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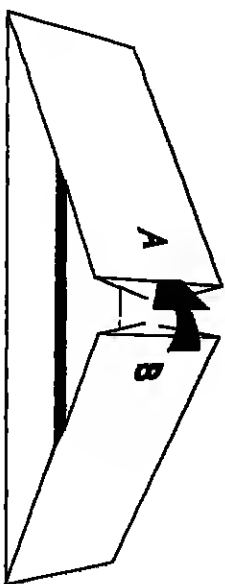
E-MAIL _____

A

FIRST FOLD

SECOND FOLD

THIRD FOLD



FOLD IN SEQUENCE
First fold to Fourth fold.
Then tuck Flap B into Flap A

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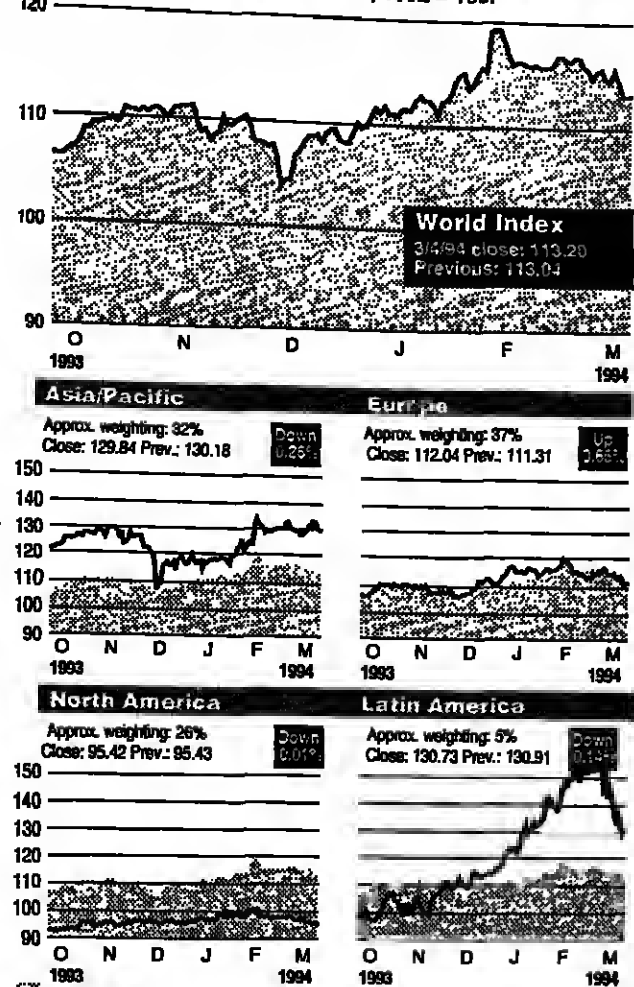
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FOURTH FOLD

B



THE TRIB INDEX: 113.20
International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors							
	Fri. close	Prev. close	% change		Fri. close	Prev. close	% change
Energy	111.54	112.07	-0.47	Capital Goods	112.10	111.93	+0.15
Utilities	123.37	123.36	+0.01	Raw Materials	117.85	116.82	+0.88
Finance	117.30	117.35	-0.04	Consumer Goods	99.35	99.93	+0.42
Services	121.49	121.26	+0.19	Miscellaneous	129.20	128.18	+0.80

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Jobless Rate Falls In U.S.

217,000 Workers Hired in February

The Associated Press
WASHINGTON — Unemployment in the United States fell an unexpected two-tenths of a percent in February as workers found jobs despite frigid weather in the Midwest and Northeast, the government reported Friday.

The Labor Department said the unemployment rate slipped to 6.5 percent in February from 6.7 percent in January, when the government changed the way it measured the number of Americans out of work. Employers added a seasonally adjusted 217,000 new jobs.

In another report Friday, the Commerce Department said its index of leading economic indicators rose 0.3 percent in January, signaling that economic growth will continue this year but at a moderate pace.

The index has now risen for six straight months, including advances of 0.7 percent in December and 0.4 percent in November.

Laura D'Andrea Tyson, who heads the Council of Economic Advisors, said the data showed that economic growth was occurring without accelerating inflation.

"Not only is current inflation extremely modest, but the fundamentals that explain future inflation—wage patterns, productivity, import prices and energy prices—all remain well-behaved," she said.

Despite the improving jobs climate, many economists had expected little change in the unemployment rate because of the snow and ice storms that gripped much of the country's mid-section, the mid-Atlantic region and New England.

Consensus estimates were for an increase of 100,000 new jobs. The Labor Department said nonfarm payrolls fell by 2,000 in January, a revision from an increase of 62,000 originally reported. Robert G. Dederick, chief economist with Northern Trust Co. in Chicago, called the employment report "good, but not spectacular."



Swatchmobile: A Tiny Bubble

Reuters
STUTTGART — Mercedes-Benz and the maker of the Swatch watch on Friday unveiled a bubble-shaped city car nicknamed the Swatchmobile.

Mercedes-Benz, a Daimler-Benz AG subsidiary, is joining forces with Switzerland's SMH — Société Suisse Microélectronique et d'Horlogerie SA — to produce the car from 1997.

"We will have a very different car, but at the same time it will possess typical Mercedes qualities," Helmut Werner, the Mercedes-Benz chairman, said at the presentation of two prototypes of what the companies call the "micro compact car."

The Eco-Sprinter version, which puts the stress on environmental concerns in its materials, and a convertible model called the Eco-Speedster, were on show. Both models feature the same short hood and smooth lines that characterize the new generation of environmentally conscious cars.

Nicolas Hayek, the SMH chairman, has long touted the concept of a car that combines the Swatch watch characteristics of quality, uncon-

ventional and affordability. But negotiations with one potential partner, Volkswagen AG, came to an abrupt end a year ago because of VW's slump in profitability.

"The joint venture will be based in Switzerland and will be under joint management, with Mercedes holding a 51 percent stake and SMH 49 percent," Mr. Werner said. A factory site has not yet been picked.

The car was described as being able to accelerate from 0 to 100 kilometers an hour (0 to 62 miles an hour) in 13 to 14 seconds, with a top speed of 140 km/h and a range without refueling of 500 kilometers.

The car is to be 2.5 meters long and between 1.4 and 1.5 meters wide (about 8 by 5 feet), meaning that in many city areas drivers could park it sideways. The company has not yet decided whether it will run on electricity, gasoline, diesel fuel or a combination of power sources.

Mr. Werner said the price had not yet been fixed but would be "very, very competitive," likely less than 20,000 Deutsche marks (\$11,700). SMH previously said it expected the car to sell for around \$10,000.

Bonn to Cut Lufthansa Stake

Reuters
BONN — The German government will cut its 51.4 percent stake in the national airline Lufthansa AG to a minority holding this year, a Finance Ministry official said Friday.

Eckart John von Freyend, the ministry's director in charge of state holdings, said the government's goal was to completely privatize the troubled German carrier.

"The government will give up its majority in Lufthansa in 1994," he said. "We could sell 2 percent of the entire 51 percent, but the decisive step will be to fall below a majority position," he added. "The

volume will depend on the situation on the stock market."

Mr. Freyend said the government was working with international banks to prepare the sale, but it was still not clear how it would lower its stake.

It could sell part of its holding on the stock market or through a capital increase in which the government would not participate and thereby have its stake diluted.

Lufthansa has said it would break even in operating earnings this year after cutting its losses more quickly than expected, to less than 500 million Deutsche marks (\$292 million) last year.

It has introduced a broad restructuring program, cutting staff by 7,500, to 40,500, by the end of 1994 and revamping its business divisions. It also has been seeking cooperation with other airlines.

But broad restructuring to improve the airline's cost structure and make it more attractive to investors has been prevented by a conflict over an employee pension fund.

Progress was reported in U.S. German air talks. Page 11.

Trade Threats Fail to Bring Japanese Action

By David E. Sanger
New York Times Service

TOKYO — With President Bill Clinton turning up the heat on trade sanctions against Japan, Prime Minister Morihiro Hosokawa on Friday conceded he had not yet begun to enact the sweeping economic reforms his country needs but vowed "to ensure that the Japanese market is open to the rest of the world."

There was little evidence that Mr. Clinton's strategy—to threaten unilateral action by the United States against a broad range of Japanese products unless progress is made—was spurring Mr. Hosokawa's government to make concessions or even generate new ideas about how to close the \$59 billion trade gap.

In fact, Japanese and American officials said they thought that whatever momentum Mr. Hosokawa once had to push through new market openings was quickly fading.

Tokyo's Nikkei-225 stock average rose 36.14 points, or 1.84 percent, on Friday as investors concluded that Mr. Clinton's trade declaration sounded tougher than it really is. Some seemed confident that the declaration actually worked to Japan's interest, because it could defuse far worse proposals on Capitol Hill.

"If anything, I'm afraid we are slipping backwards," an American official here said Friday. "However we frame the message in Washington, it still does not look like it is getting through."

Japanese officials said it appeared unlikely that Mr. Hosokawa would prepare new proposals on improving access to Japanese markets by the time Secretary of State Warren M. Christopher arrives here Wednesday. Mr. Christopher's visit will mark the first high-level talks since Mr. Clinton and Mr. Hosokawa reached a deadlock on trade issues last month in Washington.

In an hour-long policy speech to the parliament on Friday—a Japanese equivalent of the State of the

Union address—Mr. Hosokawa had little to say about the specifics of handling the new tension with Japan's biggest ally. He never mentioned Mr. Clinton's action to renege the so-called Super 301 provision that empowers the government to draw up a list of countries that block American exports.

"Japan is currently running a massive current-account surplus," Mr. Hosokawa said, "and there are

still insistent voices claiming that the Japanese market is closed. While some of this criticism stems from misunderstanding, I would rather see this as evidence of the high hopes people have for Japan and I believe we should take the initiative in implementing necessary reforms in our own interest."

Mr. Hosokawa's speech seemed to embody the United States' biggest frustration with his government: its policies seem as if they were drawn from Washington's wish-list but its execution seems forever delayed.

With his coalition government veering from crisis to crisis, however, Mr. Hosokawa seems in a weak position that even to execute those goals. The trade issue has become simply another of the many issues being manipulated by politicians jockeying for position around Mr. Hosokawa.

The opposition Liberal Democratic Party, which was ousted from power last summer after dominating the country's politics for 38 years, is using the dispute with the United States to portray Mr. Hosokawa as an incompetent caretaker of the American relationship.

The prime minister "is trying to make the trade dispute with the United States seem insignificant," said Yoshi Kono, the leader of the Liberal Democrats.

ECONOMIC SCENE

Indexed Bonds: Still Waiting Offstage

By Peter Passell
New York Times Service

NEW YORK — Have interest rates on U.S. Treasury bonds soared because the demand for capital is booming along with the U.S. economy? Or are frightened lenders simply reacting to the first whispers of inflation?

The question kept popping up at last Saturday's meeting in Germany of finance officials and central bankers of the major industrial nations, in spite of the agenda's more pressing issue of aid to Russia.

It obviously bothered the Federal Reserve Board chairman, Alan Greenspan, who, although too much the old-school gentleman to say so, is vexed by talk that he might let inflation get out of hand.

By no coincidence, Mr. Greenspan last week again raised the notion of creating a different sort of government security whose market price would provide a nearly definitive test of whether investors are indeed frightened by inflation: bonds with both the interest payments and redemption value indexed to the cost of living.

The idea has yet to catch the fancy of the Treasury, which, according to the Congressional Budget Office, has clear legal authority to issue an inflation-proof bond.

Indexed bonds are already a marketing success in Britain, where one new government bond in five is linked to consumer prices. Talk of U.S. indexing is cheered up some academic specialists, who have long been enamored of the prospect.

"Is there any economist who doesn't like indexed bonds?" asked Robert Hall of the Hoover Institution at Stanford University. A garden-variety bond carries a fixed inter-

est rate, known as its coupon, and a set redemption payment—say, interest of \$35 every six months for 30 years and a payment of \$1,000 at the end.

But the market value of such a bond over its life is driven by a variety of forces. Part of the interest, after all, represents the expected real return on capital, while part is compensation for the expected fall in the purchasing

power of the dollar. Mr. Greenspan would like to know which part is which, in order to assay expectations about price changes.

That is where indexed bonds fit in. Suppose the Treasury issued a bond on which both the interest coupon and the redemption value rose with the general level of consumer prices.

Since the interest rate demanded by investors need not include a premium for expected inflation, the difference in market interest between the indexed bond and the rate on an ordinary bond of the same maturity ought to reflect expectations of inflation.

Suppose that regular 30-year bonds yield 7 percent and the comparable 30-year indexed bond yields 3 percent plus an annual cost-of-living adjustment. That would imply investors expected inflation to average the difference (4 percent) over the next three decades.

Well, not quite: a piece of the four-percent-

age-point difference may represent the return that investors would willingly give up to know for certain what their investment would be worth in the future. But Benjamin Friedman, an economist at Harvard University, thinks it would be "close enough" to be informative.

The idea of a window on inflation expectations is not the first virtue of indexed bonds. James Tobin, the Nobel laureate in economics at Yale University, sees it as a handy way for investors, particularly "small, unsophisticated investors," to save for retirement.

As important, Mr. Tobin suggests, indexed government bonds would make it possible for big financial institutions to hedge their own long-term inflation risks.

Then, too, Mr. Hall said, indexed bonds would reduce the government's temptation to inflate its way out of debt.

Last but hardly least, issuing indexed bonds should save money—especially in times when the public is irrationally skittish about inflation.

Mr. Hall was a member of an advisory committee to President Ronald Reagan that proposed an indexed bonds-only policy, a seemingly natural fit for a president committed to a low-inflation policy.

If indexed bonds are indeed the best idea since King Lear, for starters, why hasn't the Treasury already issued them? Instead, the Treasury has accumulated piles of studies favoring indexation, but has yet to act.

The Treasury's reluctance reflects the worry of getting stuck with the bill for an anticipated burst of inflation—hardly a sterling rationale if the alternative is to stick it to the public.

Intel Puts New Chips On Market

By Steve Lohr
New York Times Service

NEW YORK — Intel Corp. will accelerate its drive to make the personal computer market rapidly accept its new generation of chips with the introduction Monday of two fast versions of its Pentium microprocessor.

For Intel, the world's largest maker of semiconductors, the strategy of pushing the market quickly toward Pentium chips serves to fend off growing competition on two fronts.

Intel is under increasing pressure from makers of PC clones, such as Advanced Micro Devices Inc. and Cyrix Corp., whose chips mimic the performance of Intel's 486 microprocessors, and a new chip architecture, the Power PC, developed by International Business Machines Corp., Motorola Inc. and Apple Computer Inc.

Intel has followed the same strategy as it moved from one generation of chip to the next: the 286, 386, 486 versions, and now Pentium. It prices its new generation chips for high profits and cuts prices on older ones, trying to deprive its copycat rivals of earnings.

This time, however, Intel is pushing the transition more aggressively than in the past. "Now that Intel has more competition, it is moving this new generation of chips into the market much more quickly," said Linley Gwennap, editor of the Microprocessor Report in Sebastopol, California.

The Intel plan is helped by the price wars among personal computer makers. The Pentium chips were introduced last fall, and by the end of the year manufacturers were offering Pentium-equipped machines priced as low as \$3,000.

Banks Reining In Traders

Prudence Is the Word After Market Losses

By Lawrence Malkin
International Herald Tribune

NEW YORK — However much last month's shocks in the bond and currency markets may have dampened the spirits of Wall Street's aggressive traders and hedge funds, their employers and bankers are reining them in by inspecting their balance sheets and tightening up on credit.

With the support of the Federal Reserve Board and other central banks, bankers in the private sector view this largely as an exercise in protecting themselves against people who are gambling with other people's money. Their clients report that demands for more collateral are routine, and the financial paper they trade is consequently being valued at less by their bankers.

"After the volatile markets we've had, everybody is looking carefully at all highly leveraged funds," said the officer who signs off on credit lines for funds and traders at major New York commercial bank. "I don't really know what a hedge fund is, but by my definition it means leverage, and that's what everyone is looking at to make sure they are fully secured."

So far no failures have been reported, and few, if any, are expected. The funds of the financier George Soros are known to be big enough to swallow the \$600 million loss he acknowledged last month after the yen shifted against the dollar.

Bankers Trust was reported to have lost as much as \$100 million trading foreign bonds. J.P. Morgan's highly profitable emerging-markets division is believed to have been hit hard when Latin American bonds dropped after the Fed started raising U.S. interest rates.

"Of course, that's after the hundreds of millions Morgan made last year in the same market," said the chief of a European bank in New York. "If you are in Latin America for the long term like us, business is still good. When you trade, you are burning—at least for now."

That means some bank traders will be temporarily sidelined in what they call "the penalty box," because they have lost money up to the limits set by their employers for a specific period. That kind of policy lowers the bank's risk and thus becomes a self-correcting force in the market as a whole by slowing down traders.

Nicholas Sargen of Prudential Global Fixed Income Advisers said that despite losses in the values of bonds he manages for pension funds, he was not

badly hurt because his clients bought to earn income and "long-term holders like us are O.K."

Central banks, including the Fed, gave short-term traders no explicit instructions for a turn toward prudence. But last month, regulators told banks to examine their involvement in risky derivatives, such as bond futures and currency options.

This was underlined Friday when a Federal Reserve System governor, Susan Phillips, told a bond dealers' conference that the Fed would be doing more work on "reporting, accounting, and disclosure" in the derivatives market in conjunction with other central banks.

But at the micro level, small operators are proceeding with prudence, like C.P. Baker & Co. in Boston.

Testy lenders are forcing hedge funds to be conservative after reports of losses in securities trading.

which runs a venture-capital fund and a hedge fund. "When people get sloppy, the bank makes you mark to market, and who knows what some of these things really are worth in the market," said Christopher Baker, C.P. Baker's managing partner.

He explained that if a future or an option was traded at prices between 100 and 110, his bank may decide to value it more prudently, at the lower end, instead of at the mid-point of 105. His credit line would be clipped by 5 percent. When multiplied by the estimated 1,300 hedge funds in the United States, with assets estimated at \$60 billion, this kind of conservative valuation can have a significant effect on the markets.

"In banker-talk, they tell you the market is more volatile, so they have to value at the lower price," he said.

Roy Smith, a professor of finance at New York University and a former Goldman, Sachs & Co. partner, found this change in bank formulas normal and healthy. "We were in the final quarter of the game and that's just when people start getting into it who ought not to," he said. "Too much money was available to too few skilled people. Now the market is adjusting in a rational and calm way, and that's the way it's supposed to work."

CURRENCY & INTEREST RATES

Cross Rates									
	£	DM	FF	Lira	Yen	SFR	Sc	Swk	3rd
Amsterdam	1.72	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Berlin	2.21	2.21	2.21	2.21	2.21	2.21	2.21	2.21	2.21
London (a)	1.71	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Madrid	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Milan	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
New York (b)	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Paris	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Tokyo	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
Zurich	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
1 ECU	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72
1 SDR	1.62	2.02	1.78	1.85	2.06	1.83	1.81	1.75	1.72

Eurocurrency Deposits					
	Dollar	D-Mark	Swiss Franc	French Franc	Yen
1 month	3 1/4-3 3/4	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/4-7 1/2
3 months	3 1/4-3 3/4	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/4-7 1/2
6 months	3 1/4-3 3/4	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/4-7 1/2
1 year	3 1/4-3 3/4	4 1/4-4 1/2	5 1/4-5 1/2	6 1/4-6 1/2	7 1/4-7 1/2
in minimum (or equivalent)					
Trade					
bank base rate					
1st money					
month interbank					
month interbank					
month interbank					
1 year bill					
Finance					
charterpart rate					
1st money					
month interbank					
month interbank					
month interbank					
1 year OAT					
Sources: Reuters, Bloomberg					
London, Bank of Tokyo, Co. Japan					
Newspaper Montagu, Credit Lyonnais					
Bond					
	A.S.H.	P.A.			
London	377.90	378.00			
London	375.65	375.75			
New York	374.26	374.36			
U.S. dollars per ounce. London					
Source: Zurich and New York Currencies					
Source: New York Currencies					
Source: Reuters					

Key Money Rates									
	Close	Prev.	Britain	France	Germany	Japan	Italy	Spain	U.S.
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
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3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bill	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury note	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
3-month Treasury bond	4.37	4.37	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2		

MARKET DIARY

Wall Street Cheers U.S. Jobs Report

Compiled by Our Staff From Dispatches
NEW YORK — Stocks climbed Friday as investors focused on the upbeat aspects of U.S. employment data for February and as the Treasury bond market stabilized.
The Dow Jones industrial average closed up 7.88, at 3,852.30, while gains outpaced losses by an

N.Y. Stocks

5-to-3 ratio on the New York Stock Exchange. Volume was active at 312 million shares.

A fall in the U.S. unemployment rate in February and the creation of twice as many jobs as analysts had expected boosted the stock market. An uptick in leading economic indicators for January, suggesting sustained economic growth, also fueled buying.

The ability of long-term Treasury bond prices to hold near steady levels despite the strong economic data also shored up the stock market. The benchmark 30-year bond slipped 1/32, to 92 1/32, while the yield edged up in 6.84 percent from 6.83 percent Thursday.

But investors continued to keep watch for signs that the Federal Reserve Board was about to push interest rates higher. High rates can draw funds away from stocks.

"A battle is under way in the stock market between the positive

influence of good corporate earnings and the negative influence of rising interest rates," said Gerald Weiss, an analyst with Investment Quality Trends.

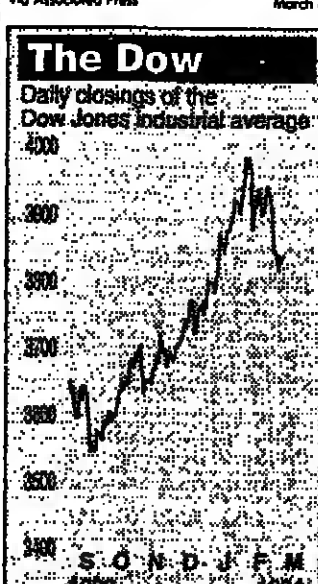
Telefonos de Mexico was the most-active issue on New York Stock Exchange, rising 1/4 to 67 1/4. Tucson Electric Power was the second-most-active traded stock, rising 1/4 to 4 after reporting that its fourth-quarter loss narrowed 77 percent from a year ago as the company increased revenue and cut interest expense.

Blockbuster Entertainment, in the middle of a battle with dissident shareholders trying to block its merger with Viacom Inc., advanced 1/4 to 26 1/4. Blockbuster admitted Friday it may have to revise the deal to win shareholder approval "unless Viacom's stock price increases significantly." Viacom fell 1/4 to 31 1/4.

Paramount Communications, which Viacom is acquiring, fell 1/4 to 45 1/4.

Auto stocks rallied in active trading, with General Motors adding 1 1/2 to 62 1/2 and Chrysler rising 1 1/2 to 59 1/2. GM got a lift from reaching agreement with workers at a Michigan transmission plant before a strike deadline.

(Bloomberg, AP, Knight-Ridder)



NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	118.00	117.00	117.00	-0.25
Microsoft	100.00	99.00	99.00	-0.25
Apple	100.00	99.00	99.00	-0.25
Oracle	100.00	99.00	99.00	-0.25
Novell	100.00	99.00	99.00	-0.25
Lotus	100.00	99.00	99.00	-0.25
Intuit	100.00	99.00	99.00	-0.25
Adobe	100.00	99.00	99.00	-0.25
McAfee	100.00	99.00	99.00	-0.25
VeriSign	100.00	99.00	99.00	-0.25

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Microsoft	100.00	99.00	99.00	-0.25
Apple	100.00	99.00	99.00	-0.25
Oracle	100.00	99.00	99.00	-0.25
Novell	100.00	99.00	99.00	-0.25
Lotus	100.00	99.00	99.00	-0.25
Intuit	100.00	99.00	99.00	-0.25
Adobe	100.00	99.00	99.00	-0.25
McAfee	100.00	99.00	99.00	-0.25
VeriSign	100.00	99.00	99.00	-0.25
IBM	118.00	117.00	117.00	-0.25

NYSE Diary

Adv.	Decl.	Unch.	Total
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551

AMEX Diary

Adv.	Decl.	Unch.	Total
211	248	248	707
211	248	248	707
211	248	248	707
211	248	248	707
211	248	248	707

NASDAQ Diary

Adv.	Decl.	Unch.	Total
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551
1275	138	138	1551

Dow Jones Averages

Open	High	Low	Close	Chg.
3848.90	3852.30	3848.90	3852.30	+7.88
1123.90	1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	124.40	-0.25

Standard & Poor's Indexes

High	Low	Close	Chg.
1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	-0.25
433.07	433.07	433.07	-0.25

NYSE Indexes

High	Low	Close	Chg.
1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	-0.25
433.07	433.07	433.07	-0.25

NASDAQ Indexes

High	Low	Close	Chg.
1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	-0.25
433.07	433.07	433.07	-0.25

AMEX Index

High	Low	Close	Chg.
1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	-0.25
433.07	433.07	433.07	-0.25

Dow Jones Bond Averages

Open	High	Low	Close	Chg.
1123.90	1123.90	1123.90	1123.90	-0.25
3115.90	3115.90	3115.90	3115.90	-0.25
124.40	124.40	124.40	124.40	-0.25
433.07	433.07	433.07	433.07	-0.25

Market Sales

NYSE 4 p.m. volume	NYSE 4 p.m. volume
1123.90	1123.90
3115.90	3115.90
124.40	124.40
433.07	433.07

N.Y.S.E. Odd-Lot Trading

Buy	Sell	Short
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

S&P 100 Index Options

Price	Dec 93	Dec 94	Dec 95	Dec 96
1123.90	1123.90	1123.90	1123.90	1123.90
3115.90	3115.90	3115.90	3115.90	3115.90
124.40	124.40	124.40	124.40	124.40
433.07	433.07	433.07	433.07	433.07

EUROPEAN FUTURES

Class	High	Low	Prev. Close
COCOA (LCR)	1123.90	1123.90	1123.90
COFFEE (LCR)	1123.90	1123.90	1123.90
WHEAT (LCR)	1123.90	1123.90	1123.90
SOYBEAN (LCR)	1123.90	1123.90	1123.90

Food

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Metals

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Financial

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Industrials

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Stock Indexes

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Spot Commodities

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

Dividends

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

3-MONTH EURO DOLLARS (LIFFE)

High	Low	Prev. Close
1123.90	1123.90	1123.90
3115.90	3115.90	3115.90
124.40	124.40	124.40
433.07	433.07	433.07

U.S./AT THE CLOSE

FHP to Buy TakeCare for \$1 Billion
FOUNTAIN VALLEY, California (Bloomberg) — FHP International Corp. said Friday that it had agreed to buy TakeCare Inc. for \$1.1 billion, \$300 million more than an earlier offer.
The transaction, which the companies valued at \$80 a share, would create the fifth-largest U.S. health maintenance organization, with more than 1.6 million members, and underscore a consolidation trend in the health-care industry. The combined company would have annual revenue of more than \$3.25 billion.
The merger has been approved by both companies' boards and is expected to close by the end of June. In January, FHP offered \$800 million, or \$62 a share, for TakeCare. But talks to close that deal broke down after TakeCare received higher bids.

GFC Financial to Buy TriCon Capital
NEW YORK (Combined Dispatches) — GFC Financial Corp. said Friday that it had agreed to buy TriCon Capital Corp. from Bell Atlantic Corp. for an undisclosed amount of cash.
TriCon, with \$1.8 billion in assets, is a provider of vendor financing programs and equipment leasing services for businesses.
The deal is expected to close early next month. Although terms were not disclosed, the transaction's value would be at least \$100 million, according to individuals familiar with the deal. Including the acquisition, GFC, which is based in Phoenix, Arizona, will have \$5 billion in assets and annual sales of about \$72 million.
(AP, Knight-Ridder)

W. R. Grace to Buy HealthDyne Unit
MARIETTA, Georgia (Bloomberg) — HealthDyne Inc. said Friday that W. R. Grace & Co. had agreed to buy its Home Nutritional Services Inc. subsidiary for \$7.85 a share, or \$110 million, for 68 percent of Home Nutritional, which owns 7.8 million shares, or 68 percent, of Home Nutritional, said it would cancel the Jan. 6 stock swap offer for an additional 2.15 million shares. HealthDyne expects the sale to result in after-tax proceeds of about \$60 million and an after-tax gain of \$20 million.

Vought Aircraft to Cut 2,000 Jobs
DALLAS (AP) — Vought Aircraft Co. plans to lay off 2,000 workers by the end of next year, about a third of its work force, a company spokeswoman said Friday.
Executives blamed defense cutbacks and a low production rate on commercial work for the pending layoffs at the company, which has slashed its ranks by approximately 3,500 in the past two years to a current base of 6,000. Executives cited cuts in the B-2 bomber program and the C-17 air transport program as factoring into the loss of jobs.

Moog to Acquire AlliedSignal Unit
NEW YORK (AP) — AlliedSignal Inc. plans to sell part of its aerospace division to Moog Inc. for \$71 million, the companies announced Friday. The deal involves AlliedSignal's mechanical and hydraulic actuation business, which is based in Torrance, California, and manufactures products that are used in commercial and military aircraft controls. The transaction is expected to close in the second quarter.

U.S. Retailers Sue Top Drug Makers
NEW YORK (AP) — Four retail groups said Friday that they had filed a lawsuit in federal court alleging unfair price discrimination by 16 of the largest U.S. pharmaceutical companies.
Kroger Co., Albertson's Inc., Safeway Inc. and Vons Cos. Inc. said the drug companies sold drugs to hospitals, pharmacies, medical organizations and mail-order pharmacies at lower prices than they charged supermarket chains.
The suit said the drug makers had engaged in "pernicious two-tiered price discrimination," favoring institutional pharmacies and others. The retailers said the practices had hurt the profitability of in-store pharmacies.
The 16 companies cited are Abbott Laboratories, Bristol-Myers Squibb Co., Ciba-Geigy Corp., DuPont-Merck Pharmaceutical Co., Burroughs-Wellcome Co., Glaxo Inc., Eli Lilly Co., Pfizer Inc., Rhône-Poulenc Rhorer Inc., SmithKline Beecham Pharmaceuticals Co., Merck & Co., Schering Plough Corp., GD Searle & Co., Upjohn Co. and Zeneca Inc.

For the Record
Norwest Corp., a banking, insurance and financial services company based in Minneapolis, said Friday that it would buy Copper Bancshares Inc. and a subsidiary bank, American National Bank of Silver City, New Mexico. Terms were not disclosed.
Ben & Jerry's Homemade Inc., the ice cream and yogurt company based in Waterbury, Vermont, said Friday that sales were "soft" in January because of bad weather across the United States and the Los Angeles earthquake. The company also said marketing, sales and start-up costs for its new "Ben & Jerry's Smoothie" line of "no-chunk" ice cream would "put some pressure on earnings in 1994."
(Bloomberg)

Soros Takes a Ride on the Information Highway

Bloomberg Business News
WASHINGTON — Six investment funds managed by George Soros sold holdings in bank stocks during the fourth quarter of 1993 and increased their stakes in companies likely to benefit from the expanding U.S. information network, according to forms filed with the Securities and Exchange Commission.
The funds made heavy investments in Paramount Communications Inc., which was the subject of a takeover battle between QVC Network Inc. and Viacom Inc., with Viacom the eventual winner. Other major purchases included Bell Atlantic Corp. and General Instrument Corp., according to a Form 13-F filed with the SEC on Feb. 14.
Away from the information superhighway, Mr. Soros developed a distaste for banks. His funds cut their joint stake in Chase Manhattan Corp. to 150,000 shares on Dec. 31 from 690,000 shares on Sept. 30. They also sold 33,500 of their 44,000 Citicorp shares and reduced their First Chicago Corp. stake to 11,400 shares from 200,000.
The Soros funds also increased their stake in the health-care industry, buying 5.5 million shares of Cortex Pharmaceuticals Inc.

WORLD STOCK MARKETS

Agency France Press March 4

Amsterdam

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ABN Amro Ind	64.30
ABN Amro Ind	64.30
ABN Amro Ind	64.30
ABN Amro Ind	64.30
ABN Amro Ind	64.30

Paris

Close	Prev.
Amor	717.00
Amor	717.00
Amor	717.00
Amor	717.00
Amor	717.00

Sydney

Close	Prev.
Amor	717.00
Amor	717.00
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London

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Frankfurt

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A Troublesome Increase In Japan's Trade Surplus

Compiled by Our Staff From Dispatches

TOKYO — The Finance Ministry said Friday that Japan's current account surplus rose 31 percent in January, to \$6.83 billion, much higher than most economists' expectations. The report comes at an inconvenient time for the government, which is mired in a trade dispute with the United States.

The comparable current-account figure for January 1993 was \$5.22 billion, and economists had been forecasting a relatively modest rise to about \$5.65 billion.

The narrower merchandise trade surplus, which does not include services, rose to \$8.26 billion in January from \$7.18 billion a year earlier, the ministry said.

On Thursday, President Bill Clinton, reflecting Washington's frustration at Japan's huge trade surplus with the United States, cleared the decks for possible punitive action against Tokyo.

American wants speedy, measurable action by Japan to open its markets to foreign goods and services and to cut its trade surpluses. Economists said on Friday the

trade surplus might not start falling until the economy emerged from its current stagnation.

The Finance Ministry placed some of the blame for the surplus on the strong yen, which has risen in response to the trade tensions. The United States has favored an appreciation of the yen as a way to curb the trade imbalance because it makes imports cheaper for Japanese consumers while putting pressure on exporters to raise their prices.

Ministry officials said the recent declines in oil prices also pushed up the trade surplus. Japan imports virtually all of its crude oil.

In dollar terms, the Finance Ministry said Japan's exports rose 6.9 percent to \$25.36 billion in January, while imports rose 3.3 percent to \$17.09 billion. But in yen terms, they added, exports were nearly unchanged, while imports rose.

(AP, Reuters)

Tokyo Sets Growth Goal

Forecasting a gradual economic recovery, Japan formally set on Friday a 2.4 percent economic

growth target for the fiscal year that will begin next month, up from an estimated 0.2 percent expansion in the current year, Agence France-Presse reported from Tokyo.

"The time is steadily ripening for a recovery," Finance Minister Hirohisa Fujii told parliament. "Adjustments of inventories and capital stock are in progress amid support from public investment and housing construction."

Prime Minister Morihiro Hosokawa's cabinet approved the growth target for Japan's gross domestic product, the value of goods and services produced in a country, for the 1994 fiscal year.

Mr. Fujii said consumer spending and corporate investment in plant and equipment remained stagnant and the unemployment situation was still severe.

But he added that a 15 trillion yen (\$144 billion) economic stimulus package, featuring 6 trillion yen in personal tax cuts, was expected to "move the economy toward full-fledged recovery as soon as possible in fiscal 1994 and ensure a stable growth in and after fiscal 1995."

U.S., Japan Near Accord for Access In Cellular Phones

By Andrew Pollack

New York Times Service

TOKYO — The United States and Japan are moving toward an agreement that would avert sanctions against Tokyo by vastly accelerating access to its cellular telephone market for American-made equipment.

The talks, in which a powerful Japanese politician is playing a behind-the-scenes role, could still veer off course. But people involved said an agreement could be reached as early as this weekend.

An agreement on cellular phones could help cool trade tensions between the world's two largest economies and could influence the United States to give Japan more time on other areas.

However, a cellular phone agreement by itself would not solve the bigger question of what to do about framework negotiations. There the main issue has been whether Japan would accept commercial goals for opening its markets to foreign goods and services.

President Bill Clinton last month announced that the United States would impose sanctions on Japan for violating a 1989 treaty aimed at providing access for cellular equipment made by Motorola Inc.

But the list of proposed Japanese products on which tariffs would be placed is not expected to be disclosed until the middle of this month. This pressure had induced the Japanese side to make concessions, officials said.

In the 1989 accord, Japan agreed to provide "comparable

market access" for Motorola in the region from Tokyo to Nagoya. A cellular telephone company that was already operating in that region — using different technology — was persuaded by Japan's government to build a second system using the Motorola technology.

But the company, Nippon Iddo Tsushin Corp. invested far more heavily in its first system, which used technology developed by the Nippon Telegraph & Telephone Corp.

As a result, Nippon Iddo now has about 310,000 subscribers using the NTT technology, compared with a little more than 10,000 subscribers using the Motorola technology.

A new agreement being forged by Motorola and Nippon Iddo calls for the Japanese company to vastly accelerate the construction of base stations using Motorola.

Those involved in the talks say the companies have largely agreed on a timetable for Nippon Iddo to build the Motorola infrastructure. That schedule would be close to Motorola's demand that 159 new base stations be built within 18 months.

One catalyst for the negotiations, which began in earnest last weekend, was the involvement of Ichiro Ozawa, a politician who is the chief strategist of Prime Minister Morihiro Hosokawa's coalition government.

Mr. Ozawa, a fixer whom the U.S. government has relied upon in the past to override Japan's bureaucracy, negotiated the 1989 cellular phone agreement.

Stock Index Soars 3.9% In Taiwan

Bloomberg Business News

TAIPEI — Taiwan's benchmark stock index jumped 3.9 percent Friday on expectations that the central bank would soon raise the \$5 billion ceiling on stock investments from abroad, analysts said.

The weighted price index of the Taiwan Stock Exchange rose 213.15 points, to 5,672.87, on volume of 73.05 billion Taiwan dollars (\$3 billion), nearly twice Thursday's level of 38.7 billion dollars.

It was on the expectation that the foreign-fund ceiling will be lifted, said Tsai Jong-ping, a dealer with Top Son Portfolio Securities. He said the ceiling would soon be raised because of remarks from a central bank spokesman, Chen Yu, who said Thursday that a decision was likely within days. The Securities and Exchange Commission asked the Central Bank of China, Taiwan's central bank, to raise the limit in December.

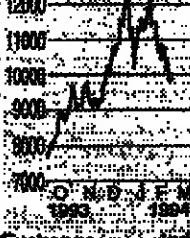
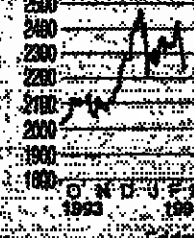
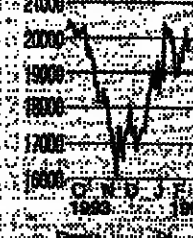
But the bank has not agreed, citing fears that foreign-fund inflows would push Taiwan's currency up, hurting the competitiveness of exporters, bank officials have said.

Hopes for an increase in the ceiling also have been fueled by recent central-bank approvals of foreign financial institutions' applications to invest in Taiwan's stock market.

Low on Jakarta Market

Indonesia's stock market has slumped at its 1994 low, with analysts on Friday painting a gloomy picture of a usually buoyant market clouded by low oil prices, rising labor costs and a banking industry dogged by loan scandals, Reuters reported from Jakarta.

The official index of the Jakarta stock market fell sharply, losing 8.99 points on Friday to close at 521.38. It had fallen 10.1 points on Thursday.

Investor's Asia				
				
Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225
Exchange	Index	Friday Close	Fri Close	Change
Hong Kong	Hang Seng	9,345.19	9,302.03	-43.95
Singapore	Straits Times	2,248.53	2,242.53	-6.00
Sydney	All Ordinaries	2,115.80	2,151.40	+35.61
Tokyo	Nikkei 225	19,966.00	19,805.88	-160.12
Kuala Lumpur	Composite	1,054.34	1,070.56	+16.22
Bangkok	SET	1,388.22	1,340.38	-47.84
Seoul	Composite Stock	898.25	892.16	-6.09
Taipei	Weighted Price	5,972.51	5,965.72	-6.79
Manila	Composite	2,606.82	2,606.05	-0.77
Jakarta	Stock Index	5,213.77	5,301.57	+87.80
New Zealand	NZSE 40	2,181.60	2,218.05	+36.45
Bombay	National Index	N.A.	2,119.00	
Sources: Reuters, AFP				
International Herald Tribune				

THE MONEY REPORT

FIRST COLUMN

Rough Seas For New Investors

THE downward trend in bonds and shares continues in countries where interest rates are set to rise over the long term. That means investors in the U.S. and U.K. markets will have to be especially clever to find good returns over the next few months, while emerging markets investors continue to sail in uncharted waters that may yet become rough seas if the main markets run into trouble.

And it could be serious trouble. Some analysts argue that the markets may be victims of their own success as interest rates begin to tick upward again. Consider the following: Low interest rates have been instrumental in causing a major movement of capital into shares and equity funds by the smaller, less sophisticated investor. For example, the U.S. fund industry (through its Washington D.C.-based representative body) now boasts one household in two having a stake in a mutual fund.

But rates are picking up. That has not only helped drive bond and share prices down, but will attract unsophisticated capital back into money market funds and call deposits. So far, the argument is perfectly routine.

But what happens if flight back to the money market has an element of panic about it? The figures for U.S. fund investors show that a large and increasing percentage of people have never had market experience before. And it is only through direct experience that investors really appreciate how share prices can go down as well as up.

Among the institutional investors, the story is little better. Many of the major investment houses invest huge amounts of their own capital into the markets. The fact of proprietary trading is not new, but the size of the positions taken in the last few years is. Right now, that means that the clients advised by the big investment houses and the advisers themselves are hurting almost as never before.

And at the tail end come the emerging markets. While not recognized as a leading negative indicator (that means, in English, something that portends a market fall), large numbers of emerging market funds preceded the 1987 crash and the major falls of the early 1970s.

M.B.

Diplomas: Expensive, and Getting More So

By Conrad de Aenle

THE cost of getting a university education varies quite a bit from country to country, and especially between private and public institutions within countries, such as the United States, where both sorts of institutions are common. What seems to be common, no matter where students go for their schooling, is that government resources have grown scarce, meaning that schools must find other ways to finance programs, such as by increasing tuition.

A study of higher education published by the Organization for Economic Cooperation and Development found that public expenditure per student, adjusted for inflation, fell in 11 of 19 countries over the period from 1970 to 1988, the most recent year for which the international organization had compiled figures.

The biggest annual declines, were of 4.8 percent in New Zealand, and of 4 percent in Britain. Portuguese authorities did the best at beefing up their university system, with an average annual increase of 6.8 percent over the 19 years.

In general, southern European countries showed gains in state spending on higher education, while those in the northern part of the Continent recorded declines. Japan and the United States had small annual gains.

The erosion of government support is particularly grim news considering that most universities in nearly every country are state-run. Rominating on the matter, the OECD report said: "The fall could be attributed to the fact that higher education lost some of its political clout, and to the conscientious efforts of public authorities to reduce the level of funding, thereby forcing institutions to tap alternative sources of finance and increase their efficiency."

With things tough all over, and likely to stay that way for some time, universities will have to keep tapping. "Attracting additional private resources is a matter of considerable importance during periods of large-scale economic recession when prevailing tax structures are inadequate for the financing of emerging social needs, and tax increases are both politically and economically undesirable," the report went on to say.

What parents may find undesirable is the dwindling value they get for their tax money when it comes time to send their children off to university. The decrease in government spending on education occurred despite an average increase in real, or inflation-adjusted, personal income taxes in OECD member states.

Not only is relatively less money being allocated to education, but in many countries, less of what does make its way to colleges is used for facilities and instruction. Capital spending as a percentage of total funds for higher education fell from 1980 to 1988 in 12 of 19 countries in the OECD study. The portion of the total paid out in teacher salaries was lower in 10 of 13 countries for which data were available.

With state assistance so meager in so many places, universities are feeling squeezed. This is particularly true in Britain, with its marked decline in government funding. At University College, London, for instance, roughly 45 percent of the budget is derived from government sources, school officials say; a decade ago, the figure was 60 percent.

"Certainly the proportion of our income coming from normal government grants has dropped significantly in the last 10 years," said Stephen Montgomery, director for industry and commerce at University College, a branch of the University of London. He estimates that less than one-third of the college's £150 million (\$225 million), in gross income comes from direct government aid. Other state money is received through research contracts and the leasing of facilities.

Those grim facts are forcing universities to be creative when it comes to raising money. University College, for example, was able to entice a Japanese drug company, Eisai Co., into building a research lab on its campus. Scientific research at the University of Oxford has led to the formation of a number of spinoff companies and the creation of ISIS Innovation Ltd., a university-owned entity that handles licensing agreements between the university and private businesses.

A traditional method of raising funds at public and private universities in the United States more than anywhere else — increasing student fees — has been employed with vigor. During the academic years from 1976-77 through 1992-93, tuition at public four-year colleges rose by 290 percent, to an average \$4,747 from \$1,218, according to figures compiled by the American Council on Education. Students in most other countries generally pay little or no tuition for undergraduate studies.

Tuition at private American colleges can be 10 times that of their state-run counterparts because of the lopsided disbursement of government funds to the two kinds of schools. Public colleges get 53 percent of their funding from state and local appropriations and 21 percent from student fees, a council report shows. On average, 58 percent of the budgets of private colleges comes from student fees, with less than 2 percent in direct subsidies from federal, state and local governments.

The council's report notes that when general

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inflation is factored out, tuition still increased 36 percent from 1981 to 1991 at public universities: at private ones, the increase was 53 percent. The report cites a public restlessness that has grown along with costs.

"Rising college tuition levels are of considerable concern to policymakers, educators, students and their families," the report states. "Why tuition continues to climb is a hotly debated subject."

What raises the temperature is the fact that funding for instruction, research and even administration has not kept pace with tuition. Despite the 36 percent increase in real public university tuition, total expenditures were up only 20 percent, with those for instruction rising a thin 13 percent. The picture is much the same at private schools.

One source of expenditure that has outpaced the growth in tuition at American schools is scholarships, which rose in constant dollars by 53 percent at public universities and by 71 percent at private ones during the decade, the education council figures show. In a sense, administrators are playing Robin Hood, taking in more money from students who can afford it and disbursing it to those who cannot.

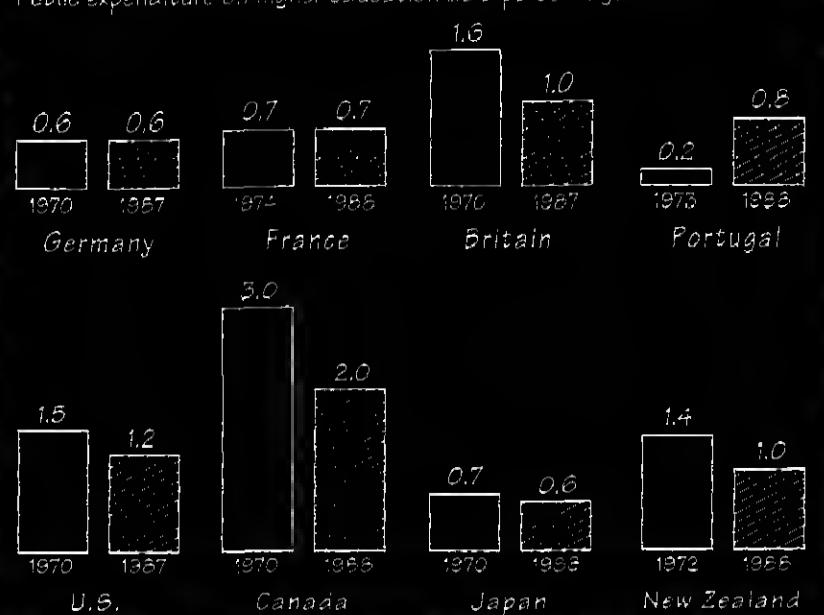
No matter how the money is divided up, the direct cost of sending a student to college in America is higher than practically anywhere else on Earth, and it is likely to get higher. Last year Yale University, which is private, caused a stir when it set its total fees at more than \$25,000 a year per student, making it the first institution to exceed \$100,000 for a four-year education.

Most students, of course, will pay far less than that — for now. An extrapolation of recent patterns in American education costs led one group of financial planners to estimate that by the time the average child born today gets his diploma, he — or his parents — will have parted with more than \$200,000.

The Money Report is edited by
Martin Baker

Getting More Books for Your Buck

Public expenditure on higher education as a percentage of real GDP.



Source: OECD

International Herald Tribune

In Picking a Secondary School There's Help for Expatriates

By Michael D. McNickle

FOR expatriates, even the best-funded state education system may not be enough. The issue of finding and funding the right secondary school is often based on totally different criteria from those prevailing in the host country.

There are a number of solutions to the problem. The most obvious of these is to look for help from organizations that have an international outlook, but are based in the expatriate's home country. U.S. nationals abroad might, for example, contact International School Services, a long-established nonprofit group based in Princeton, New Jersey. The group has just produced a 500-page directory of leading overseas American and international secondary schools.

Daniel Wagner, a former headmaster of the American School in Frankfurt and retired staff member of International School Services, said that regional associations and accrediting organizations were listed in the di-

rectory, providing a quick contact point for more extensive information from groups well acquainted with a prospective school.

Mr. Wagner said, in general, that American schools in Europe were "top notch" and "as good as most of the best independent schools in the United States." The fees are comparable to U.S. schools too, and range from \$6,000 to more than \$10,000. There may also be a one-time admission fee, as well as extras for transportation.

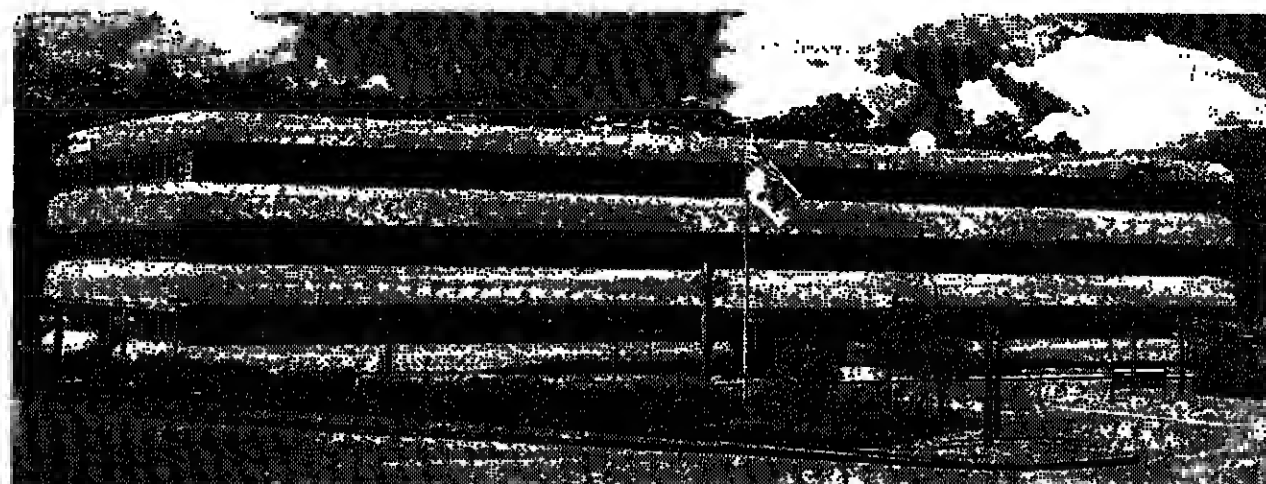
Anna K. Hacker, a publishing representative based in Wiesbaden, Germany, who has taught at American and international schools in half a dozen countries, said "a fair number of people that come overseas look to putting the children into the national school system," which is usually free.

And sometimes the best option is also the least expensive. In many European countries, the local public schools may be ideal, especially for younger children, giving them the benefit of picking up fluency in a foreign language relatively painlessly.

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THE MONEY REPORT

What Price Learning?

Total cost for tuition, room and board. Projected future annual costs at 6.5% annual increase.

School Year 1993-94
School Year 2003-04
School Year 2008-09



Sources: The Universities, U.S. National Center for Education Statistics

International Herald Tribune

Planning Ahead for U.S. Tuition Bills

By Philip Crawford

IF the cost of an undergraduate education at top U.S. private colleges and universities seems hopelessly unaffordable now, consider this: It will nearly double within 10 years and increase by more than 150 percent within 15 years, according to current estimates.

For American and global investors who dream of sending their children to Ivy League or other top American schools, planning for such a huge expense has become nearly as high a priority as laying the groundwork for their own retirements, say experts. A focused investment strategy and a willingness to take on some degree of risk, many add, are imperative if one hopes to meet the targeted goals. And the earlier the planning starts, of course, the better.

"The issue continues to be one of keeping up with spiraling education costs, which have been rising at rates higher than inflation," said William J. Goldberg, who specializes in personal financial planning for the auditing firm KPMG Peat Marwick in Houston. "And you've got the further complication of investing to meet a fixed obligation that will occur at a certain point in time."

The numbers themselves can be daunting. This academic year, the average cost of full-time undergraduate studies at Harvard, Yale, Princeton and Stanford universities (including tuition, room, board and other fees) was \$24,737. The cost of books and other incidentals easily pushed the grand total to the \$25,000 level, a typical figure for elite private colleges in the United States. Assuming a 6.5 percent annual increase in college costs, the rate forecast by the U.S. National Center for Education Statistics, the

four-year tab for freshmen currently studying at such institutions will be \$110,179.

The real shock, however, comes in looking a few years down the road. With the 6.5 percent annual increase (which many experts view as a conservative estimate), the cost of four years at a top American private school for a student entering a decade from now will be \$206,818. Freshmen at such institutions in the autumn of 2008, 15 years from now, will be looking at a four-year tab of \$283,363 before they can don caps and gowns.

To attempt to accumulate such sums, most analysts say the best long-term path is the historically proven one: equities.

"If you're investing for the education of a child who is now, say, 3 years old, and if you believe in the history of capital markets, stocks tend to do better than bonds over long-term periods," said Russell Hill, a senior vice president for the Stratford Advisory Group, a Chicago-based investment consulting firm. "In fact, I'd tell a client in that situation to put 100 percent of his portfolio in stocks, and I'd steer him toward funds because there are lots of good no-load funds with different investment styles."

For the few years just before the student is due to matriculate, however, Mr. Hill suggested moving a chunk of the portfolio, the size of which would be determined by current market conditions, into fixed-income instruments to preserve gains and to provide stability.

"My basic approach would be the same with a 10-year time frame," he said, adding that he felt investors in U.S. equities could expect an annual return of 10 to 12 percent.

Going hand in hand with gauging estimated returns for varying investment strategies, of course, is

the question that can keep education-minded parents awake at night: Just how much cash, assuming hypothetical rates of return, must be put away each year to reach the levels of likely college costs of the future? The answers can be daunting.

A yearly contribution of \$10,000 for 15 years with a compound annual return of 10 percent, for example, would grow to an untaxed total of \$359,489. If the portfolio's tax liability (which would be figured annually and then again when the securities were redeemed) worked out to be 28 percent of the total (the maximum U.S. capital gains rate), the investor would still be more than \$24,000 short of the projected cost of a top school, but the difference could likely be made up by reinvesting what remained of the portfolio during each year of the college period.

WHILE higher levels of annual contribution, higher rates of return or lower taxes could obviously enhance the portfolio's ultimate yield, the "\$10,000 at 10 percent" model provides at least a yardstick for a 15-year investment, say some analysts.

The brokerage Merrill Lynch offers its clients a free service called the "college builder analysis" aimed at helping parents plan for the education costs to come.

John Barrett, a Merrill Lynch vice president based in New York, says he figures on a 6 percent annual return from fixed-income instruments such as zero-coupon government bonds, an 8 percent return from a mixed portfolio of bonds and equities, and a 10 percent return from a portfolio consisting exclusively of equities.

"The decision on how to allocate

the funds has to be the client's," said Mr. Barrett. "It's our job to help him find his comfort zone. But for clients who understand the principle of risk versus return, I think an annual gain of 8 to 10 percent is very achievable."

Mr. Barrett added that some parents, specifically those who have waited until their 40s to start families, can face a double whammy of sorts: "People often don't realize that college expenses for children can start at about the same time that they, themselves, are planning to retire."

Craig Litman of Litman-Gregory & Co., a San Francisco-based investment advisory group, said he favored an all-equities strategy as well, and one heavily exposed to emerging markets. "The emerging market story is not a fad and it is clearly a trend," he said. "I expect some near-term risk but it's still intact in the long term. Emerging markets will be the world's growth story over the next decade, and our approach would be through funds."

Calling the escalation of U.S. college costs "staggering," Mr. Litman said that planning for them has become a major concern of investors. Asked if he foresaw any easing of the costs or of the pressure on parents to come up with such hefty sums, Mr. Litman said his view was somewhat pessimistic.

"I think the whole situation will have to reach true crisis proportions, where higher education in the United States is so prohibitively expensive that nobody can afford it, and where we can't compete in the international marketplace because we're so uneducated, before anything might change," he said. "The government would be forced to step in and do something to help people pay for it. Most likely, that would be to raise taxes."

A Primer on School Fees and Taxes

By Jack Anderson

YOU are offered a job abroad. The pay and the "package" of financial benefits are good. What's your next question? If you have children, it will certainly concern education — because education is one expatriate allowance that is nonnegotiable.

The importance of providing education for the children of expatriates was recognized by the city of Strasbourg, France, several years ago when they first built and staffed a Japanese school before any Japanese companies had decided to set up shop in Strasbourg. But the Japanese companies soon followed, including Sony Corp.

The education of expatriate children is not only important, but expensive. And it is even more costly when the tax costs are considered.

Assuming the highest marginal income-tax rate is applicable to the expatriate, a \$20,000 education reimbursement would result in a total cost to the employee — education costs only generally being tax deductible — or his company of 167 to 250 percent of the initial amount of the educational cost after income taxes. The additional employee and employer social taxes make the burden even heavier.

It is expensive for the expatriate who must pay tuition fees himself, without company assistance, with after-income and social-tax dollars. This is the unreimbursed expatriate's total cost. For example, a U.S. expatriate in Spain must earn \$43,455 and pay income taxes on this amount at the top marginal bracket of 32.455 in order to have \$20,000 left to pay that assumed educational cost.

Real Cost of Education for Expatriate's Children

	Assumed Educational Cost	Top Marginal Income Tax Bracket	Income Tax Cost (at top bracket)	Total Cost (before planning) (1)	Tax Planning Available
Belgium (2)	\$20,000	60%	\$30,000	\$50,000	Yes
Holland	20,000	60%	30,000	50,000	Yes
France	20,000	59%	28,780	48,780	Yes
Spain	20,000	56%	25,455	45,455	No
Japan (3)	20,000	55%	24,444	44,444	Yes
Canada (3)	20,000	52%	21,667	41,667	Yes
United States (3)	20,000	52%	21,667	41,667	No
Germany	20,000	51%	20,816	40,816	Yes
Sweden	20,000	50%	20,000	40,000	No
Austria	20,000	47%	17,736	37,736	Yes
Italy	20,000	46%	17,037	37,037	No
Switzerland (3)	20,000	41%	13,898	33,898	Yes
Britain	20,000	40%	13,333	33,333	Yes

(1) Assumed Educational Cost plus Income Tax Cost equals Total Cost of education to unreimbursed expatriate. (For example, a Belgian must earn \$50,000 and pay taxes of \$30,000 in order to have \$20,000 left to pay educational costs). (2) Including Communal tax of 7% and Crisis tax of 3%. (3) Includes local taxes.

Source: Ernst & Young

International Herald Tribune

Alternatively, it is equally or more expensive for the employer who first reimburses the expatriate for the tuition he has paid. The company must then, under any tax equalization or protection policy of the company, pay the host country taxes on the deemed income resulting from the payment of the expatriate's educational allowances. This then starts the tax-on-tax gross-up phenomenon of expatriate taxation. This would be the reimbursing company's total cost, which in the example of Spain is also \$45,455.

In an effort to reduce these costs, where they are reimbursed by the company, some human resource directors of multinational companies are offering deals in which the expatriate agrees to pay the cost of the private school in the home country and the company picks up the bill for the increased expense in the host country.

Resource directors have thus de-

vised the "home-country-education-cost deduction" and made their companies more cost-effective while preserving mobility and equity.

Kindergarten in Belgium can cost more than Harvard — if planning measures are not taken. There are ways in many countries to avoid the higher costs. For example:

• France allows for an expatriate's children's educational cost, which is paid for by a qualifying French headquarters company, to be exempt from personal income tax (although there is a corporate tax cost of 33.3 percent without gross-up).

• Belgium allows for a complete exemption for school fees paid by the company for "qualifying" expatriate executives.

• Japan allows for a complete exemption from personal tax if the educational costs are paid directly by the company.

• Britain allows no income tax exemption, but does allow a social tax exemption if paid directly by the company.

• Canada may allow an exemption for company-paid education costs based on a recent court case.

• Australia allows a full exemption, but only if fees are paid or reimbursed by the employer.

• Germany allows for partial and certain exceptional deductions for education costs.

• Holland allows a full personal tax exemption or deduction for qualifying expatriates who have international responsibilities.

• Switzerland, in some cantons, allows for company contributions paid directly to educational institutions to be exempt from personal taxation.

Jack Anderson is a tax and legal partner of Ernst & Young in Paris. He was assisted in this article by Diane Koome, a tax consultant.

School Costs Are Rising in Britain, Too

By Aline Sullivan

ASKED recently why the British spend less lavishly on luxuries than the Italians or the French, Philippe Léopold-Metzger, who was then the London head of the French jeweler Cartier, had a ready reply: House prices and school fees.

The cost of housing in southeast England has slumped sharply in recent years, but school fees continue to soar. Over the past decade, school fees have consistently outstripped the British rate of inflation.

This is not only bad news to British parents. British private schools, known confusingly as "public schools," attract pupils

from around the world. The English language accounts for part of their drawing power, prestige for much of the remainder. Well over a century after the Duke of Wellington asserted that the Battle of Waterloo was won on the playing fields of Eton, British schools retain their reputation for offering a first-class education.

But privately educating a child in Britain does not come cheap. According to the London-based Independent Schools Information Service, or Isis, senior boarding schools cost up to £12,000 (\$18,000) a year. And fees are continuing to rise, although the rate is slowing.

Average fees for both boarding and day schools rose about 4 percent in the year ending in September 1993, after increases of 8.5 percent the previous year and more than 12 percent in each of the previous two years, said the information service's deputy director, Richard Davison. Estimates for the current year are about 3 percent, he said.

"Fees are rising at a slower rate

now because schools have learned very rapidly that they cannot charge more than the market can bear," said Mr. Davison. But the resilience of the market may owe more to the willingness of parents to make huge sacrifices for their children's education than to the forbearance of schools in raising fees.

Financial advisers say that parents are also starting to worry about university education in Britain. In Britain, unlike the United States, university students cover most of their higher-education expenses through government grants. But grants have not kept pace with inflation and British government ministers have argued that students and their families should bear more of the load.

So how do parents finance private education in Britain? According to a recent Isis survey, only about 30 percent make any advance plans. Most struggle to pay fees directly from their salary and other personal income. But this has become increasingly difficult as costs rise and families are starting

to acknowledge that some planning is necessary.

Parents with the foresight to plan 10 years in advance should invest on a monthly basis in a series of endowment policies, suggests Isis. A policy will mature in each year the child is at school. The benefits from these policies will usually be exempt from personal income and capital-gains tax, unless they are discontinued.

Particularly fortunate are parents with lump sums to invest. They can cut fees by as much as two-thirds through bank savings or investment trusts, according to Isis. A capital sum can also be invested in an educational trust, currently tax-free in Britain, or in advance to an individual school. The latter approach, known as school composition fees, provides a future discount on fees.

"A lump sum put down at the time of the pupil's entry to cover all or part of the likely fees might attract a reduction of some 15 percent of the fees covered," according to Isis. "A lump sum put down four years in advance could reduce fees by as much as 50 percent."

Mr. Davison warned that education trusts and composition payments may be difficult to transfer if parents opt for another school or leave the country. "But most plans allow you to use the money for anything you like if your plans change," he said.

Advice on British school-fee planning is also available from independent advisers Bain Clarkson Financial Services, Fraser Marr, Invest for School Fees, School Fees Insurance Agency, Towry Law Financial Planning, Johnson Fry Financial Services and Whitehead & Partners. Insurance companies active in this field include Ecclesiastical Insurance Group, Equitable Life Insurance and London Life.

Fewer options are available to parents who have not been able to save in advance. Most attempt to pay fees directly out of their income, others turn to grandparents for help and some arrange for school fees to be paid out of loans secured on their property.

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THE MONEY REPORT

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School-Fee Investment Plans

School fees, currently \$13,500 per year, must be paid over two five-year periods, starting in two years and again in seven years. Allowance is made for inflation (7.5% per year). Fees should be funded from either capital or monthly income.

Year	Total fees required	Funding from income	Funding from capital
1994	0	\$2,639	\$129,519
1995	0	2,639	
1996	\$11,181	2,181	
1997	17,608	1,738	
1998	18,930	1,307	
1999	20,350	1,120	
2000	21,826	886	
2001	23,515	681	
2002	25,281	497	
2003	27,177	332	
2004	28,215	180	
2005	31,405	39	
2006	10,171	0	
Totals	\$237,258	\$171,622	\$129,519

Illustrated saving: Funding from income-\$65,623; from capital-\$107,739.

Providing for Fees: Be Prudent, Act Early

NEXT to buying the family home, school fees will probably represent the single biggest investment for the majority of parents who want a private education for their children. Yet planning for this eventuality is all too often inadequate. Research undertaken in Britain by the Independent Schools Information Service, or ISIS, has shown that 50 percent of parents only begin to consider this option some two years before the planned start date, and only 25 percent plan payments of school fees in advance.

With school fees in Europe averaging \$13,000 a year and the total annual cost of a university education in the United States often topping \$30,000, experts advise parents to plan at least five years in advance to make the most of investment opportunities and to avoid the potentially disastrous scenario of funding future fees out of net income.

Although there is a branch of financial planning devoted to school fees, the investment products sold under the school-fee umbrella are usually standard investment vehicles that happen to be suitable for funding school fees. The exception to this is the educational trust, which capitalizes on the charitable status and tax privileges of some British schools to reduce the overall fee burden.

Under such a plan, a capital sum is invested in the trust and the proceeds are used to buy a guaranteed

annuity that funds the fees as they arise. However, the money must be used for school fees, otherwise you will lose the tax advantages and, in some cases, incur a penalty.

"The up-front charges on many of these trusts may also cancel any tax gains you may have made," cautioned Angus Jones, account manager for the London-based independent financial adviser, Capel Cure Myers.

Off-the-shelf school-fee plans tend to be insurance vehicles — typically, a series of life insurance policies whose investment payoff is either linked to a mutual fund (unit-linked) or a more conservatively managed style of "with-profit" fund (with a guaranteed annual return). The policies are structured to mature for each year's fees.

Endowment products are the standard response of many school-fee specialists. As most of the policies sold in continental Europe and the United States tend to be straightforward insurance products with little investment content, you may be persuaded to take out an endowment policy with an offshore British life insurance company. Onshore funds are generally considered inappropriate for international clients because they are subject to corporation tax, which is currently 25 percent.

"The investment returns on unit-linked contracts have been very good in the past and comparable to the returns on unit trust investments," said Peter Lewiston, a school-fee adviser with Interna-

tional chartered accountants firm, BDO Binder Hamlyn.

Endowment products are not suitable for everyone. They may prove too rigid if you are looking for a degree of investment flexibility. "Once you have committed funds to a policy you will not be able to change your mind halfway through the contract term and channel the money into an alternative investment," Mr. Jones said.

There are a number of alternative investment products on the market which are not marketed specifically for school fees, but which are ideally suited to the purpose. Choice will depend on a number of factors, including your general attitude to investment risk; the due date for school fees; other commitments and liabilities, such as mortgages or major credit card debts; and the desired method of funding, be it through income, a capital sum, or a combination of the two.

"Cash deposits are the only investment suitable to provide for fees in the short term as any other investment needs time to produce good results with a reasonable degree of security," said Mr. Lewiston. Options include such fixed-interest investments as government securities or international bonds.

If you have very little spare capital and school fees are due in the next few years, you may have to consider borrowing. No doubt your local bank will be more than happy to lend you the money provided you represent a good risk. But bank

loans are an extremely expensive way of funding fees. A cheaper alternative would be to remortgage the family home.

With five years or more to play with you can start considering equity-based investments. Cash deposits are used to cover the short-term fees to summer 1996 and unit trusts to cover the later fees. For the purposes of this illustration, unit trusts can be regarded as analogous to other collective investments, including various offshore umbrella funds.

The cumulative total of estimated fees is \$237,258. Funding from capital on the assumed growth rates would require a lump sum investment of \$129,519, representing an overall saving of \$107,739. And funding from income would be the same assumptions require a total investment of \$171,622, which represents a saving of \$65,635.

When you choose an investment vehicle for school-fee planning, most advisers will recommend that you invest in the currency of ultimate liability. "If you are paying school fees in dollars then make sure that the investment is dollar based to minimize any exchange risk," Mr. Jones said.

Finally, any plan set up now must be reviewed annually to check that the allowance for inflation reflects what is actually happening, otherwise you could be in for a nasty shock. Mr. Jones pointed out that in his experience school fees are invariably higher than originally expected due to inflation and other increases.

After an MBA Degree? Consider Europe

By Barbara Wall

LOOKING for an opportunity to speed up your career advancement and increase your salary? Then a Master of Business Administration degree — the famed MBA — may be the answer.

The United States remains the single largest producer of MBAs — about 70,000 MBA degrees were awarded by American business schools in 1993, compared to 8,000 in Europe. But business professionals with several years work experience are increasingly being drawn to high-profile management schools in Europe, which purport to offer a broader international business education than their American counterparts.

Aurélien Morel, director of admissions at the Institute for Management Development in Lausanne, Switzerland, said: "American-style MBA courses are more geared towards recent graduates with little work experience, who are looking to specialize in a particular area of business, such as finance or marketing. Participants in a European MBA program will already have a specialization and several years work experience behind them, so the focus tends to be on general management skills with a global perspective." At the Institute for Management Development, she said, the average student age is 30 compared to 26 in most American graduate schools.

"There is also greater variety in the type of courses on offer outside the United States," said Roger Lewis, assistant director of admissions at the European Institute of Business Administration, known by the acronym INSEAD, which is based in Fontainebleau, France, just outside Paris.

In addition to standard full-time MBA programs, students can opt for a course in which a balance is struck between work and study, or a correspondence course with a reputable institution such as the Henley School of Management or Durham University, both in England, or Strathclyde University in Glasgow.

"Distance learning has caught on in Britain during recent years and the institutions which specialize in this teaching method are experiencing an extraordinary growth in interest from the United States,

Asia and Eastern Europe," said a spokesman for the Association of MBAs, based in London. "There is no time pressure on participants on the programs and they can continue to hold down a full-time job while studying for the qualification."

A number of schools offer split-study programs, in which the student has the option of completing the MBA program at another school in Europe or in the United States. MBA students at the University of Hartford Business School in Paris spend the first eight months of the course in Paris and the remaining four months at the university's campus in the Con-

necticut state capital. Students at any one of the 16 European University campuses — located in eight countries — can transfer to another campus after each term. And the Ecole des Hautes Etudes Commerciales in Paris, which offers a bilingual MBA course in French and English, and also offers students a term of study in one of 14 countries including Japan, Britain, Canada and the United States.

For many students, an added attraction of European MBA programs is the international flavor of the student bodies. "Our students learn as much from their peers as they do from the faculty," said Miss Morel. The Institute for Management Development currently has 83 students on its MBA program, drawn from 31 nationalities. In American graduate schools, international students account for 10 to 20 percent of the enrolment, according to a spokesman for the Graduate Management Admissions Council in California.

While no two MBA programs are alike, one can expect teaching in such basic disciplines as accounting, economics, statistics, finance and marketing. Students at INSEAD work together in small groups on simulated business projects. The school's stated objective is to develop participants' problem-solving abilities and to help them understand how corporations func-

tion in reality. The London Business School also concentrates on real-life management issues and problems, and field visits to businesses and factories are an integral element in the course work.

Schools in Europe have emphasized the importance of group work for a number of years, but it is only recently caught on in the United States. Harvard Business School, for example, has just introduced group work on its MBA program. And Columbia University is introducing more team projects in its management courses.

Full-time MBA courses taught in Europe are generally shorter than their American counterparts, last-

Schools in Europe have emphasized the importance of group work for a number of years, but it is only recently caught on in the United States.

outside the United States can apply for a low-interest federal Perkins loan. The current rate of interest is 5 percent and no interest accrues while you are a student. Subsidized federal Stafford loans are also available, up to a maximum of \$8,500 a year. The interest rate is variable, based on the 91-day Treasury bill rate plus 3.1 percent, or about 6.4 percent currently.

"As well as comparing costs," said a spokesman for the Graduate Management Admission Council, which administers the Graduate Management Admission Test, "prospective MBA candidates should look at admission standards, faculty profile and graduate employment statistics when they are choosing a program."

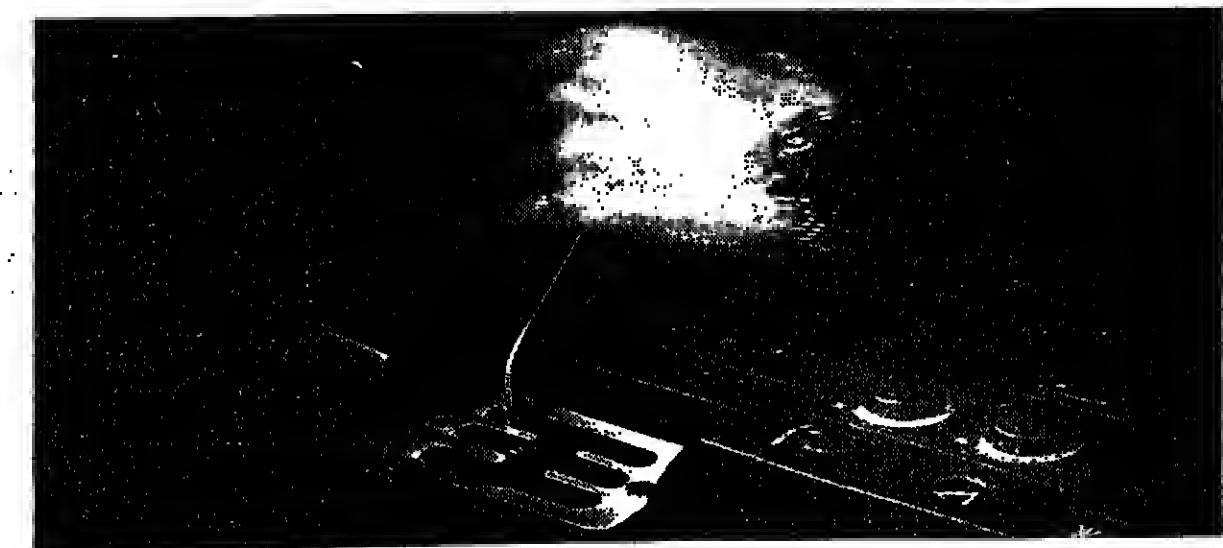
Like the reputable schools in the United States, the top management schools in Europe have an impressive graduate employment record. INSEAD and the Institute for Management Development report that 80 to 90 percent of last year's MBA graduates have signed an employment contract. Both schools have close links with multinational corporations and an extensive alumni network, which, in part, explains their high success rate.

The only caveat is that American companies tend to favor MBA graduates from U.S.-based management schools. "If you intend to work for an American company," said Jean-Pierre Salzmann, director of public affairs at the Institute for Management Development, "you may be better off in terms of work prospects studying at an American campus."

Graduate schools in the United States are beginning to accept the need for broader-based MBA programs, but the focus is largely geared towards the domestic economy and American business philosophy.

The spokesman for Graduate Management Admission Council pointed out that a growing number of American schools — notably the Wharton School of Management in Pennsylvania and Stanford University in California — have attempted to increase their intake of foreign students and to adopt a more international outlook in their management programs. But European schools seem to be setting the standards in these areas and are certainly worth investigating if a global business perspective is your ultimate goal.

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THE MONEY REPORT



Cautionary Tale for Students

By Judith Rehak

If she had it to do all over again, she "would have taken the \$12,000 grant," said Amy Robertson, a newly minted holder of a master's degree from one of the most prestigious international studies schools in the United States.

She ruefully recalled an offer she turned down from another top-rated graduate school in 1991, as she faces up to the \$300-a-month repayments of her \$45,000 in student loans.

Ms. Robertson's quest to finance her graduate studies started when her father told her that if she wanted to go for another degree, she was on her own. Close to retirement, he had already paid out more than \$150,000 in tuition fees, room and board, and expenses, starting when she was 3 years old for nursery school, followed by a private girls' school, a top New England prep school, and an Ivy League college.

To acquire her master's degree, Ms. Robertson had outlays of about \$28,000 annually, \$16,500 of that in tuition, for her two-year program, plus such charges as \$900 for mandatory medical insurance. To cover these fees, she first took out a package of U.S. government

loans for university students, consisting of a Stafford loan, the most widely used vehicle; a Perkins loan, a below-market interest rate loan; and a third loan specifically for graduate students. She also obtained \$6,500 in financial aid from the graduate school.

But the biggest chunk of her borrowings, \$17,000, came from Nellie Mae, a private lender to college students, which charges higher rates than the government (recently 9.5 percent compared with 6.22 percent for a Stafford loan).

It also imposes tougher standards. Only three weeks before classes started Ms. Robertson returned from Taiwan, where she had been studying Mandarin, to discover that her loan was stuck somewhere in the pipeline. The reason: Nellie Mae, whose loans are not guaranteed by the government, runs a credit check, not only on the student, but the parent who cosigns the loan. Unknown to Ms. Robertson's father, whose financial reliability was solid, a \$65 department store bill, paid six weeks late because he had been out of the country, had damaged his credit rating. After a rush of frantic phone calls and letters, the credit glitch was straightened out, and the loan was approved.

Once the cash was in hand and

her studies got under way, things went well for her. She received top marks in her field, Asian studies. But throughout her two years of graduate school, her mailbox was filled with computer-printed "reminders" that the interest meter was ticking on her loans.

"Think of the money they're wasting on postage," she grouched. Most of the lenders did give her a six-month grace period between graduation day and the start of repayments. Nevertheless, even before she had collected her diploma, booklets of payment coupons arrived, accompanied by letters that pointedly greeted her as "Dear Graduate."

The specter of monthly payments loomed larger as Ms. Robertson's job hunt yielded only rejection letters or one-shot interviews. Then, just as time was about to run out, a part-time job she had held while in school opened a door. She contacted with a consulting firm looking for someone who knew telecommunications and was fluent in Mandarin. The result: A job with a starting salary of \$35,000.

The pressure is off, for now. "It was definitely worth the investment," she said, "but I'll be paying off my loans until I'm 41."

Taking Most of the Pain Out of Tuition Payments

By Baie Netzer

FOR parents worried about the high cost of tuition in the United States 10 or 20 years from now, a number of states are selling "prepaid college tuition plans" that promise to guarantee the cost of tuition for children who attend any state university or community college.

To sign up for the plans, parents pay the state Treasury a monthly

inflation by 3 percentage points annually over the past 20 years, experts say the plans provide a level of protection that other investments do not.

"It's not the crashproof stock market would be because you're guaranteed your child will have enough to cover his payments," says Michael Olivas, author of "Prepaid College Tuition Plans: Promise and Problems."

The plans, of course, cannot get a prospective student admitted to a state system's top-quality, non-competitive schools, but, once admitted, they do guarantee the student's tuition. Most cover only tuition, not room or board. In addition, if a family moves out of state, a student who returns to the state where his tuition was guaranteed would have to pay out-of-state tuition rates, which sometimes are double or triple the tuition rates for state residents.

The prepaid tuition contracts are also not easy to cancel. Ohio has no provisions for early withdrawals, while other states may sock parents with hefty cancellation fees if they decide to drop out of the plan. For students who decide to go to a private school, the state treasury will only transfer the cost of tuition at a state school, forcing students to make up the difference in cost.

According to Kalman Chany, co-author of "The Student Access Guide to Paying for College," "Since many states are cutting their budgets for education, the quality of a state's colleges could easily fall by the time the child is ready to attend."

If a family moves out of state, a student who returns to the state where his tuition was guaranteed would have to pay out-of-state rates.

amount of as little as \$40, or the remittance can be made in a lump sum, that the state invests until the child is ready to attend college. Regardless of the amount the state earns on the pooled funds, future students are guaranteed that their tuition will be covered.

Eight states currently offer some type of prepaid tuition plan: Alabama, Alaska, Florida, Indiana, Kentucky, Ohio, Pennsylvania and Wyoming. Given that tuition increases have outpaced the rate of

February Market Scoreboard

Best Performers

Price February	% change
New York Stock Exchange:	
Zenith Electronics Corp.	13.125 86.7%
NI Industries	8.875 42.0%
American PWR Conversion	26.750 23.0%
Micron Technology	70.875 21.4%
National Semiconductor	21.750 20.8%
Lotus Development Corp.	66.500 19.3%
First of the Loom A	30.125 18.3%
Chicago Brands Int'l	17.625 18.5%
Coors (Adolph) Co B	16.825 17.3%
Beverly Enterprises	16.125 16.3%

Worst Performers

Price February	% change
US Surgical Corp.	17.500 -45.1%
USAR Group	11.375 -22.9%
Equitable Coe	23.250 -21.8%
MVA Com	6.625 -20.9%
General Instruments Corp.	47.500 -18.4%
Chiron Corp.	77.500 -16.9%
Amrad Corp.	5.375 -15.7%
Alza Corp.	22.500 -17.1%
Sprint, Rockwell & Co.	45.625 -16.9%
SCHMED Life Systems	35.500 -16.5%

Frankfurt Stock Exchange

VDO Adolph Schindling VZO	334.10 40.7%
Sap Vorzug	232.00 30.3%
Sap Stamm	258.00 29.5%
Kronos Vorzug	295.00 18.5%
BMW Stamm	829.50 14.1%
Dier-Werke	155.90 13.9%
Pfaff (GMA)	230.50 12.4%
Leifheit	780.00 10.6%
Gefco	538.00 10.0%
Freemove Vorzug	909.00 9.8%

Paris Stock Exchange

Europe 1	1686.00 11.0%
Havas	472.00 6.1%
Dassault Electronique	478.00 5.8%
Initiale	559.00 5.4%
General Geophysique	599.00 5.0%
Fondex Lyonnais	574.00 4.0%
Club Mediterranee	379.00 2.4%
Bouygues	727.00 2.3%
CEP Communication	490.00 2.1%
SAT SA Telecommunication	8050.00 2.0%

London Stock Exchange

Barclays International	2,320 35.1%
Amec	1,350 10.4%
Volvo	1,940 10.2%
Amec (ESR)	4,920 9.5%
Slater	6,175 7.1%
Taylor Woodrow	1,740 6.1%
Cookson Group	2,670 6.0%
Lloyds	1,630 5.2%
Bowater Plc	5,415 5.1%
Barrat	1,700 4.9%

Tokyo Stock Exchange

Daicel Chemicals Co.	17,300 49.8%
Wako Pure Ind Co.	4,670.00 23.7%
Indesol Co.	18,100 23.1%
Mitsubishi Manufacturing Co.	48,500 23.1%
Black Hills	22,000 22.2%
Yokohama Specie Co.	12,100 22.1%
Nippon Light	369.00 21.0%
Daiichi Sankyo MFSC Co.	750.00 19.5%
Daimaru	725.00 19.4%
Nippon Electric Glass Co.	18,100 18.1%

Dadco Maho (Maho)	100.20 -26.1%
Mitsubishi	191.50 -19.4%
Asko DT Kaufhaus Stamm	1045.00 -16.4%
Dyckerhoff Vorzug	497.00 -14.3%
Asko DT Kaufhaus Vorzug	920.00 -14.2%
Hochhaus	1098.00 -11.9%
Aschen & Munch Leben Int.	835.00 -11.2%
Brenner Vulkan Verbund	88.80 -10.1%
Allianz Holding Aktie	2552.00 -9.5%
Colonia Konzern Vorzug	890.00 -9.2%

Arnsdorf	0.385 -21.5%
National Westminster BK	5,010 -15.7%
Seaboard	3,500 -15.0%
Schroders	12,180 -14.2%
Keynote Benson	5,885 -13.4%
Scottish Hydro-Electric	4,090 -12.2%
Prudential Corp.	3,250 -12.2%
Sun Alliance Group	3,570 -12.1%
TSB Group	2,455 -11.8%
Gajardian Foyat	2,180 -11.8%

Compiled by Morgan Stanley Capital International. Prices in local currencies.

International Herald Tribune

BRIEFCASE

From Morgan Grenfell, A Latin American Play

Morgan Grenfell Asset Management, the British mutual fund arm of Deutsche Bank, is launching a Latin American fund next week. The firm already has a Latin American fund for institutional investors, which has grown 82 percent since its introduction last June. The emphasis of the new fund, which is open to individual investors, is "a bottom-up strategy aimed at achieving long-term capital growth" by investing in companies that are not yet widely known. In other words, the managers are looking for value plays as Western fund capital buries into Latin America.

The Morgan Grenfell Latin American Companies Trust will be

a closed-end trust with quoted shares. The annual management charge is 1.25 percent, and investors receive a 15-year warrant for every five shares purchased.

For more information, call Morgan Grenfell Asset Management in London at (44 71) 256 7500.

Banking on Sloth And Bad Habits

Hooked on interactive TV games? Crazy over home shopping? Or would you rather be in Vegas, puffing a fat cigar between a few belts of Scotch? Either way, if you're American, you can now invest in your vices.

If the sofa is your preferred spot, there is the newly launched Gabelli Global Interactive Couch Potato Fund. "We felt the name best de-

scribed someone sitting in his living room, watching television, and using the phone and computer in an interactive way," said Bruce Albert of Gabelli Funds.

The fund will place at least 65 percent of its assets in companies like International Family Entertainment, which owns franchises of such television series as the ever-popular Mary Tyler Moore show. The no-load fund is selling at \$10 a share, with a minimum investment of \$1,000 until the end of this month.

But if going out on the town is your idea of entertainment, hang on. Arriving soon is Fimshares, a closed-end fund now in registration with the Securities & Exchange Commission.

It will be managed by Maxus, a

Cleveland money manager, and will concentrate on companies with interests in tobacco, liquor and nonalcoholic drinks, gambling and theme parks.

"At one point we thought about naming it 'Sinshares,'" joked Robert Pincus of Maxus. He emphasized that the fund, which is currently run as a private vehicle, has proved that these companies do well in good economic times and bad.

Among its holdings are Anheuser-Busch, brewer of Budweiser beer and owner of Sea World, an amusement park, and Philip Morris, the now-diversified cigarette maker. Fimshares is slated to go public at between \$10 to \$11 a share.

Couch potatoes may call (800)

422-3554 or (914) 921-5100 in the United States for a prospectus on the Gabelli fund. Bon vivants can dial (800) 446-2987, or (212) 292-3434 for information on Fimshares.

Low-Cost Phoning: More Competition

Further to last week's article on low-cost international telephone calls, MTC wrote to claim that its "Passport" service offered rates that were competitive with the services featured.

For more information, call MTC in Geneva at (41 22) 362 7740.

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* 1 April 1991 to 31 December 1993. Past performance is no guarantee of future results.*** Subject to the terms and conditions as stated in the Prospectus.

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1994 US \$51,201

1993 \$50,304
1992 \$44,539
1991 \$42,810
1990 \$37,253
1989 \$32,605
1988 \$32,434
1987 \$31,311
1986 \$23,793
1985 \$18,632
1984 \$13,539
1983 \$13,124
1982 \$12,403
1981 \$11,667

Source: Morgan Stanley's published prices for the International Accumulation Managed Currency Fund. Gross income reinvested, offer to bid basis from 28.5M, using last calculated price for each year. 1984 calculation as at 14.2.94. Five year performance 14.28-14.29. Past performance is not necessarily a guide to the future. The value of this investment and the income arising from it may fall as well as rise and is not guaranteed. This advertisement has been issued with the approval of Guinness Flight Asset Management Limited, a member of E D & F Man and a subsidiary of Guinness Flight International. Guinness Flight International is a member of Guinness Flight Global Strategy Fund Limited - both Guinness Flight Asset Management and Guinness Flight International are authorised by the UK Financial Services Act 1986. 1 Top performing fund in Morgan Stanley's Managed Currency Fund Sector 4 years to 12.94. Minimum Investment: Sterling £5,000, US \$10,000.

THE TRAVEL INDUSTRY



OPTIMISTIC PROSPECTS FOR GROWTH

The recovery of some key economies and improved air-line passenger figures for 1993 have buoyed the travel industry, but those who fear that the upswing could be temporary can take comfort from recent highly optimistic long-range forecasts.

The World Travel and Tourism Council, a coalition of 64 chief executive officers from the world's leading airlines, hotel chains, travel agents, car rental agencies, plus Boeing and Airbus Industrie, maintains that the post-Gulf War recession is largely over and that the world's largest industry could see high growth until the end of the century.

WTTC projections may seem almost too good to be true, but they are based on the travel industry's proven ability to grow faster than gross domestic products. "I don't say the industry will grow at 7 or 8 percent annually as it did in the 1980s, but growth of between 4 and 6 percent over 15 years will add up in a dramatic way," says WTTC President Geoffrey Lipman. Growth will build on a sizable current base. The WTTC calculates that in 1994, the industry will generate a gross output of \$3.4 trillion, produce 10.1 percent of direct and indirect GDP, invest \$693 billion in new facilities and equipment, account for 10.9 per-

cent of all consumer spending and assure employment for over 200 million people, or one in nine workers worldwide.

By 2005, the industry's contribution is expected to be \$7.9 trillion of output and 350 million jobs.

In Europe, WTTC estimates that this year's 40 million tourism-linked jobs

will generate \$3.4 trillion

In 1994, the industry will generate \$3.4 trillion

(19 million in the 12 European Union countries, 17 million in Central and Eastern Europe and 4 million elsewhere) will rise to 63 million, with 21 million in the EU, 37 million in the former East bloc and 5 million more in other parts of the Continent. "We are a service industry, and our job contribution will grow with greater leisure and travel," adds Mr. Lipman.

The world's airlines are set to lose another \$2 billion this year, but this will be less than last year's \$4.8 billion. Passenger traffic is recovering steadily.

International Air Traffic Association traffic grew 6 percent last year, and the IATA's director-general, Pierre Jeannot, speaks of "encouraging trends for some months." He adds that when the economic upturn comes, airlines will recover quickly.

The 24 members of the Association of European Airlines carried 121 million passengers on international scheduled routes last year, 9 million more than in 1992. Passenger-kilometer figures compared favorably with those of the 1980s.

Sir Colin Marshall, chairman of British Airways, the world's most profitable airline, states: "All reliable predictions show that air travel will continue to grow at a global average rate of 5 and 6 percent a year over the next 10 years, and that last year's 1.2 billion passengers on international scheduled services will double by the year 2000."

On the broad tourism front, Mr. Lipman and other industry analysts see much

of the growth in terms of jobs and output coming from developing areas of the world, notably Latin America. In Asia and the Pacific, growth will not be the 20 percent of some past years, but probably 9 percent to 10 percent. Mr. Lipman sees a two-way travel market developing in China, further growth in Japan and expansion in Korea, Indonesia, Taiwan and now Vietnam.

For the moment, growth in six countries - Britain, France, Germany, Italy, Japan and the United States - largely determines the well-being of the international travel market. Britain and the United States will most likely lead the revival of business travel.

Hyatt is setting the pace on the hotel front with work stations (large desks and faxes) in the rooms of 100 hotels and 24-hour access to business equipment.

The Hotel Okura in Tokyo has introduced computer booking through the SABRE, APOLLO and WORLDSPAN networks. Reservations can also be made from the United States by calling a toll-free 800 number.

Alan Tillier

ITB FAIR: IN PRAISE OF ESCAPISM

Vacations are a luxury item, and luxury items are normally the first to go in a recession.

Nonetheless, in 1993, 500 million people took a vacation abroad. This is an increase of 45 million over 1992 and represents the 10th straight annual record, according to the World Tourism Organization in Madrid.

According to a recent survey released by the German Federal Office of Statistics, 44 percent of all Germans categorize a trip abroad as an "essential" for which they are prepared to put off purchases of other necessities such as durable goods and apparel. While social scientists and philosophers may ponder the causes of this "overriding imperative to flee from daily life," the world's travel industry is convening to consider its very pertinent implications.

This year's ITB, or International Tourism Exchange, will be held in Berlin

March 5-10. Some 4,000 exhibitors from over 150 countries will be occupying over 100,000 square meters of trade floor space and welcoming 30,000 trade visitors. With its many congresses, conferences, presentations, press conferences and special events, it will be an extensively multi-faceted event.

Participants can inform themselves about bicycle vacations, get on the less mountain villages, and vacation-resort methodologies. Still, a single central subject has emerged for this year's ITB: the "electronic marketplace," or computerized booking and ticketing systems. Expected to be one of the trendiest subjects, it will be the focus of the Association of European Airlines, some 70 percent of all passengers flying on it industry is convening to consider its very pertinent implications.

John Swartzberg

RECORD YEAR FOR CRUISES

More than 5 million holidaymakers will be embarking on the world's 200 cruise liners and mega-yachts this year, headed for destinations ranging from the Caribbean to Alaska, the Med-

iterranean and the Pacific, where China and Vietnam are new ports of call. They will make it a record year for cruising, the fastest-growing sector of the travel market.

The reasons for the boom in cruises are numerous: new destinations, early-booking discounts, built-in airfares to departure points, streamlined port processing, gourmet dining, Las Vegas and Lido-style shows, theme voyages and extra pampering, including champagne breakfasts in bed.

Cruising is also acquiring a new image by tapping a younger market. The under-50s now form half the complement on the 120 ships of the New York-based Cruise Lines International Association, serving the North American cruise market.

With an extra half-million people taking to the sea this year and the dominant North American market expected to almost double to more than 8 million passengers during the decade, more liners are on order to meet the demand.

Shipyard workers in Papenburg, Germany, for example, are putting the finishing touches on the \$296 million, 67,000-ton Oriana, the first cruise liner specifically designed for the British market. This market is expanding by 15 percent a year, while the much bigger North American market has been growing at 10 percent a year.

Cunard says bookings for the QE2, with its new "health farm," are up 90 percent over last year. Currently on the Singapore leg of its around-the-world cruise, the QE2 will resume its popular Atlantic runs in April from Southampton, then slot in special "newcomer cruises."

The new generation of boats has not been converted but is custom-made for cruising. Some are huge. The future superliner of Carnival, the market leader, will have 2,600 berths.

When the Oriana sails from Southampton on its inaugural cruise in April next year, it will mark a new chapter both for the venerable P&O line, which invented cruising in 1848, and for what is now a global phenomenon in travel.

Even before the high-tech Oriana, with its record deck space, 17 public rooms and capacity for 1,900 passengers, will come Carnival Cruise Line's 2,200-passenger Fascination, Holland America's 1,266-passenger Ryndam and the 295-passenger Silver Cloud and Silver Wind, part of the new generation of up-market smaller boats led by France's Club Med II, which caters to Japanese and Asian cruisers in the Pacific. Other newcomers are Radisson's Diamond and Ruby, both luxury catamarans.

Orient Line's new Marco Polo will be taking up to 850 passengers on 11 Pacific cruises, including an 18-day "Imperial China" trip along the Yangtze to Zhenjiang Province, the Grand Canal city of Wuxi, the Ming Dynasty capital Nanjing and Shanghai, with a three-night hop to Beijing thrown in.

Pearl, one of the liners of France's Paquet Cruises, now in the Far East year-round, will include an "Essence of China" trip among new itineraries. Seven Seas Cruise Line's Song of Flower is calling on Ho Chi Minh City, while

New stops:

Da Nang and
Ho Chi Minh
City

Royal Cruise Line will disembark at Da Nang, the port for Hue.

More ships are heading for Alaska than ever before. Princess Cruises, the biggest operator there, now has six ships and 105 departures.

Norway's Royal Caribbean Cruise Line will place a second ship, the Sun Viking, in Alaska for the summer, joining the Nordic Prince. Holland America is expanding its program to 96 Alaska sailings with the introduction of the Maadam to the Inside Passage and the Noordam and Nieuw Amsterdam to the Gulf of Alaska glacier route.

The number of cruises transiting the Panama Canal has almost doubled, while the southern Caribbean is drawing more ships in addition to those packing island ports farther north. Royal Caribbean, which posted a record \$148 million profit last year, has three new vessels on order for 1995-96. These boats follow the recent, French-built Majesty of the Seas.

Fly-cruise deals mean that it is cheaper in many cases to fly to the Caribbean from Europe and join a cruise than it is to sail around the Mediterranean. Even so, more than 1,000 cruises are planned in 1994 in Europe and the Mediterranean, with the Black Sea now added on.

A.T.

The best connections to the East...

City	Arrival
Bratislava	arr. 13.45
Bucaresti	arr. 14.35
Budapest	arr. 12.40
Kiev	arr. 14.50
Ljubljana	arr. 15.40
Minsk	arr. 14.35
Moskva	arr. 16.10
Odessa	arr. 15.05
Praga	arr. 15.45
St. Petersburg	arr. 16.15
Sofia	arr. 14.40
Timisoara	arr. 14.35
Tirane	arr. 14.05
Vilnius	arr. 14.55
Warszawa	arr. 12.45
Zagreb	arr. 12.45

Departure times as of March 27, 1994.

If you do business with Eastern Europe, you'll probably keep running up against questions like "What's the best way to get from London to Tirana?" or "Which airline will fly me from Amsterdam to Odessa?" or "Which is the fastest connection from Milano to Bucharest?" For answers to questions like these, consult the Austrian Airlines Timetable. For decades now, we at Austrian have been operating ideally coordinated services between Eastern and Western Europe. As the table shows, the best connection between West and East will tend to be with Austrian Airlines. Any travel agency or Austrian Airlines Office will be glad to provide details of the good connections we maintain for you in Eastern Europe.

Departure and arrival times as of March 27, 1994.

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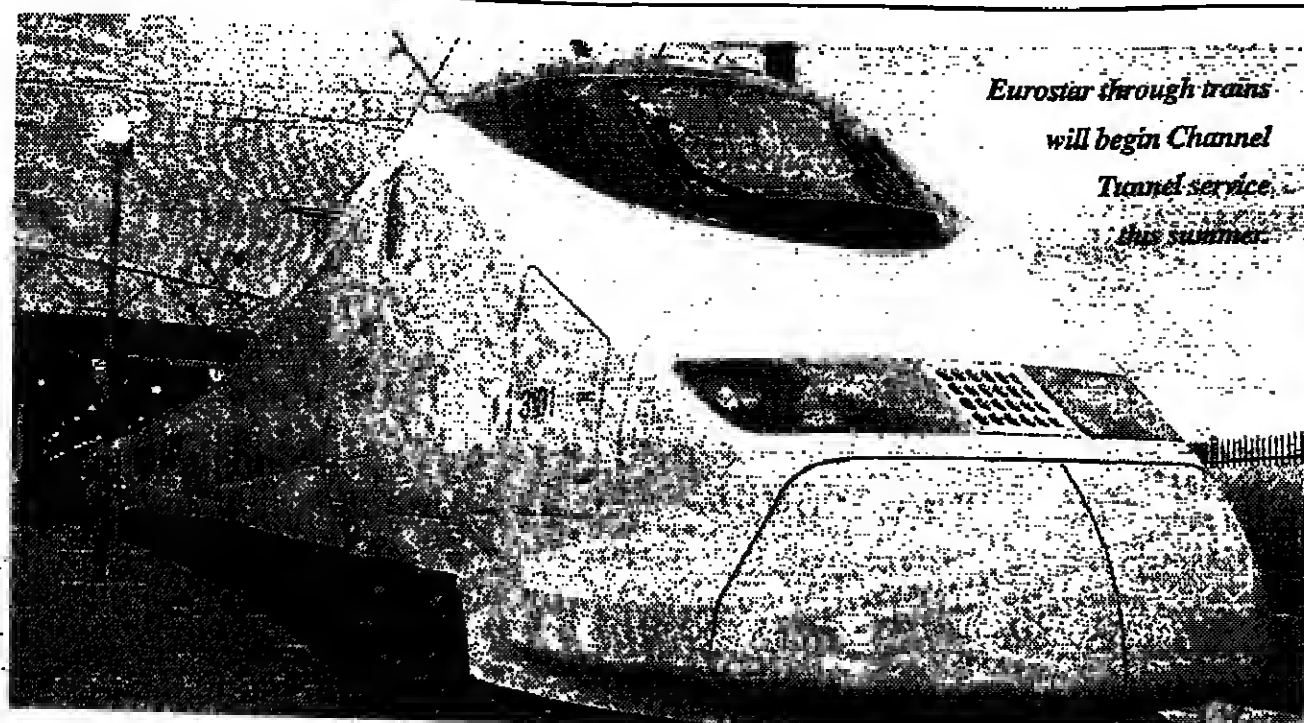
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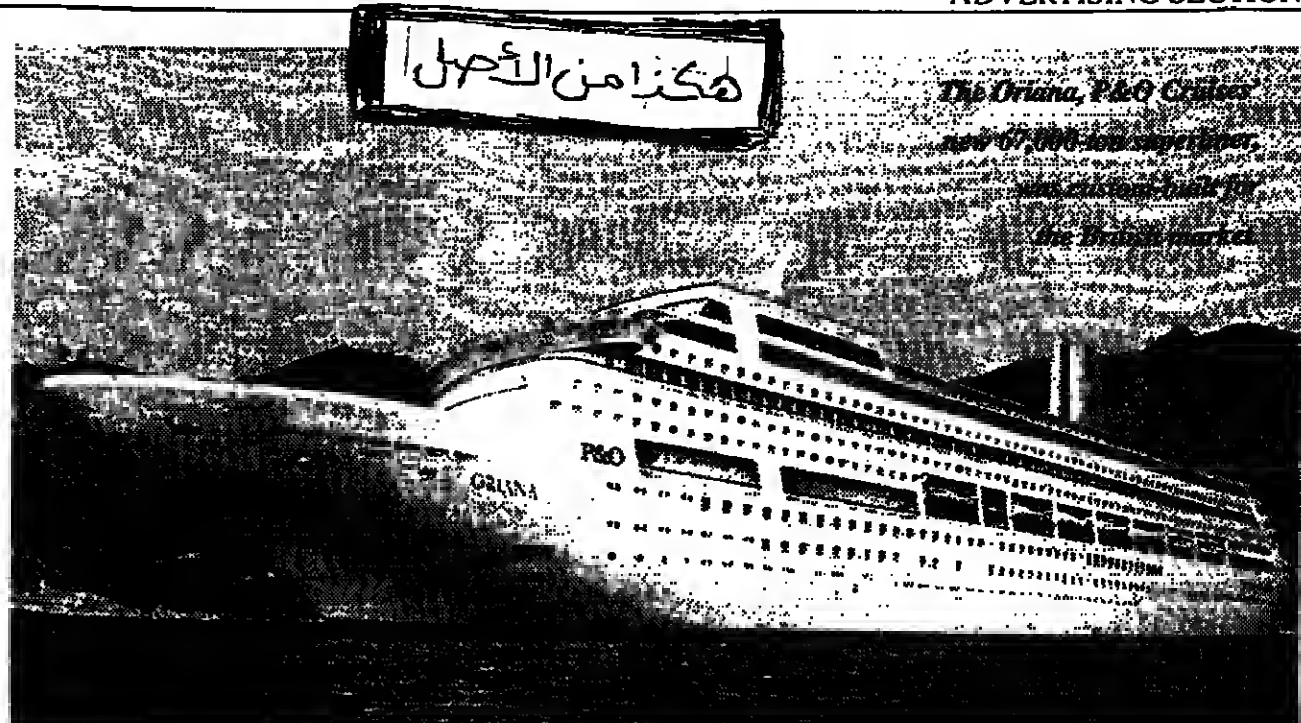
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Eurostar through trains
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Tunnel service
this summer.



The Oriana, P&O Cruises
new 67,000-ton ship
will sail from
the British market

CHANNEL TUNNEL SERVICE TO BOOST EUROPEAN RAIL TRAVEL

The first yellow-nosed Eurostar trains, carrying up to 794 passengers, will pull out of the gleaming new Waterloo international station in London and the revamped Gare du Nord in Paris a few weeks after Queen Elizabeth and President François Mitterrand officially inaugurate the Channel link by taking the Calais-Folkestone shuttle service on May 6.

Eurotunnel's Le Shuttle freight service should be

operating before this ceremony, probably by the end of March. Motorists, paying a round-trip fare of £220-310 (\$325-455), will begin using the passenger shuttle a few days after the May 6 opening. Fares will drop in the summer. The Eurostar through trains of British Rail and France's SNCF begin in the summer, with fares yet to be announced.

If estimates prove correct, 19 million to 23 million passenger journeys will be made on the three-hour London-Paris and Paris-

London routes by the end of the decade. The trip to Brussels will initially be 15 minutes longer, but will be a half-hour shorter when the Belgian high-speed line is completed in 1996.

The tunnel marks a new era of European rail travel and follows the development of other high-speed networks in France, Germany, Italy and Spain. These will be linked up later with the tunnel service and provide serious competition for airlines on journeys of over 500 kilometers (300

miles). Already, first-class, inter-city train travel is up to 75 percent cheaper than flexible airline fares. In addition, it is not restrained by congestion, the curse of European airports.

Gunther Ellwanger, high-speed director at the Paris-based Union Internationale des Chemins de Fer, says: "The tunnel marks the advent of a real international high-speed network. Until now, we just had the French TGV going to Switzerland or the German ICE train to Zurich. Many

more lines will be built by the end of the century, notably into Germany, then into Spain and Italy."

The volume of train traffic will be far greater than the 3 million passengers on the London-Paris air corridor. The railroads expect to absorb 40 percent of airline business.

The £8.6 million tunnel is opening a year late, but everything now seems in place, notably the £1 billion Waterloo terminal, proof that the British are great station builders, even if they

have dithered over a coast-to-capital high-speed line. The £3 billion line to Kings Cross-St. Pancras will not be ready until the end of the century.

Nevertheless, all else is ready, including bilingual train drivers. Eurostar trains will have phones, faxes and meals supplied by a British, French and Belgian consortium. French specialists Wagon Lits will supply meals that marry French culinary skills with computer-aided delivery.

A.T.

NEW PACIFIC BATTLE IS OVER AIRLINE RECIPROCITY RIGHTS

In December 1993, Australia and the United States ended a lengthy airline dispute that threatened travel between the two countries. The agreement, however, merely marked the end of one skirmish over what looks to be a long air war over the Pacific.

Mainly, the battle pits the American mega-airlines against Asian carriers. The issue is bilateral treaties, especially over different interpretations of such arcane aspects as fifth-freedom rights, or "beyonds." These give an airline rights to pick up passengers in a foreign destination and take them "beyond" to a third destination.

The prize is traffic rights on the profitable Asia-Pacific routes. Aviation experts predict the greatest growth in air traffic over the next decade will be in the Asia-Pacific region, which is expected to account for 51 percent of global travel by the year 2010. Airlines worldwide are eager to get a share of this high-revenue traffic.

Asian airlines complain that current pacts, signed 40 years ago when most travel was from the United States, benefit foreign carriers because they have fifth-freedom rights. Now, the Asians point out, the high-growth region has changed from one receiving visitors to one generating air travelers.

Under the treaties, the giant U.S. carriers have fifth-freedom rights and can pick up passengers in cities such as Tokyo, Taipei, Seoul and Hong Kong for other regional destinations. Asian airlines contend that the Americans are abusing the privilege and grabbing a major share of traffic within the region.

The American-Australian dispute, which concerned flights via Japan, highlighted the airline battle. In May, Australia ordered Northwest Airlines to cancel one of its three New York-Sydney flights through Japan, claiming it violated regulations stipulating that it pick up no more than 50 percent

of its passengers during the stopover. Washington threatened to cancel three of Australian flag carrier Qantas Airways' 10 weekly nonstop Sydney to Los Angeles flights.

The dispute is region-wide. Japan, in particular, objects to the 1952 accord. According to airline sources, U.S. carriers occupy 48 percent of Narita airport slots, using a third of those to operate fifth-freedom services beyond Japan. Hong Kong, which is negotiating bilateral agreements separately from Britain, and Thailand also want to renegotiate fifth-freedom rights.

The Orient Airlines Association, which represents 15 regional carriers, plans to challenge the whole structure, which it feels is an unfair relic of a former era.

The American carriers regard OAA attempts to restrict American airlines as harmful to the industry. In a speech in February, United Airlines executive Dave Solloway told Hong Kong businesspeople, "The association must decide if it will continue with emotional outcries against non-Asian carriers or work for the betterment of aviation in Asia for all airlines and consumers."

The airlines are still far apart in their interpretation

of the situation. "Asian carriers view 'beyond' rights to other countries as the same as domestic within North America," explains an aviation consultant. "The Japanese look at beyond Japan as if it were within the U.S. and Canada. They want to pick up passengers in Los Angeles flying to New York, for example."

**U.S. carriers
occupy
48% of Narita
slots**

American carriers object. "That is a domestic flight, like us flying passengers from Tokyo to Osaka would be," says an official for a U.S. carrier. "In every bilateral, there are disadvantages to both carriers, to both sides. It isn't unbalanced at all. That is why after 40 years it is still in existence."

U.S. airline officials also claim that the majority of passengers on their carriers are still Americans traveling

to Asia, rather than vice versa. "About 70 percent of our traffic is Americans. 30 percent mixed," says one.

While airlines scrap over routes, Asian governments are caught between the demands of their tourist industries and of their carriers. In Indonesia, tourism officials and hoteliers would like to open the country to foreign carriers to attract more visitors. National airlines such as Garuda and its domestic subsidiary Merpati, however, fear being overwhelmed by giant foreign carriers.

The Philippines is considering reversing its current policy of reciprocity and giving access only to airlines from countries that allow in the flag carrier Philippine Airlines. The country is considering a "partial open skies" policy that would open key airports outside the capital to any foreign airline.

Meanwhile, as in every major international war, airlines worldwide are forging alliances. U.S. carrier United Airlines has formed a partnership with Germany's Lufthansa and Thai Airways, while Delta is joining forces with Singapore Airlines and Swissair.

These far-reaching alliances involve code-sharing (coordinating reserva-

tions, scheduling, ticketing and check-in), marketing, joint promotions and advertising as well as frequent-flyer programs. Some also include round-the-world fare packages, tours and transfer of passengers and baggage, shared cargo facilities and even joint purchasing of basic items like blankets and cups.

In late February, Stephen Wolf, chairman and chief executive officer of United Airlines, met Thai Airways President Thamnoon Wan-

glee in Bangkok to discuss a comprehensive marketing agreement. "We anticipate that this agreement, when completed, will provide a vehicle to strengthen United's presence in a very dynamic part of the world through a partnership with one of the world's most highly regarded carriers," said Mr. Wolf.

With such partnerships, the battle for the Asian skies takes a new, and complex, course.

Garry Marchant

THESE GUIDES TELL WHAT TO AVOID

Whereas most travelers would not stray willingly into known danger areas, some expose themselves to risks that can be easily avoided with background knowledge about the city or country being visited.

Control Risks, a British company that started out solving kidnappings before moving into other aspects of security, produces travel guides that are very different from those with coral seas on their covers.

Its London headquarters resembles a newsroom. Eighteen analysts and editors, attached to regional desks, write and update travel security reports on 80 countries. These experts travel to gain information on risky situations. As the newspaper, they also draw on a network of stringers, including journalists, retired diplomats, businesspeople and some academics, for a longer view of where countries are headed.

Christopher Grose, head of information at Control Risks, admits that the travel industry would sometimes prefer that the company was not around spreading gloomy, if accurate, news.

He sympathizes with travel agents. "They face a conundrum in whether to provide politically oriented advice to travelers. Our attitude is, 'Go if you want to, but avoid such and such.' A lot of our advice is common sense, something travelers tend to leave behind—avoidance tactics, in other words, like varying your routes."

Six hundred companies and some international organizations subscribe to Control Risks reports. These guides, as Mr. Grose says, "give hard-headed evaluations and truths, perhaps unpalatable to ordinary tourists." Mr. Grose's aim is to pass some of this information to travel companies in what he calls "a low-key form."

A.T.



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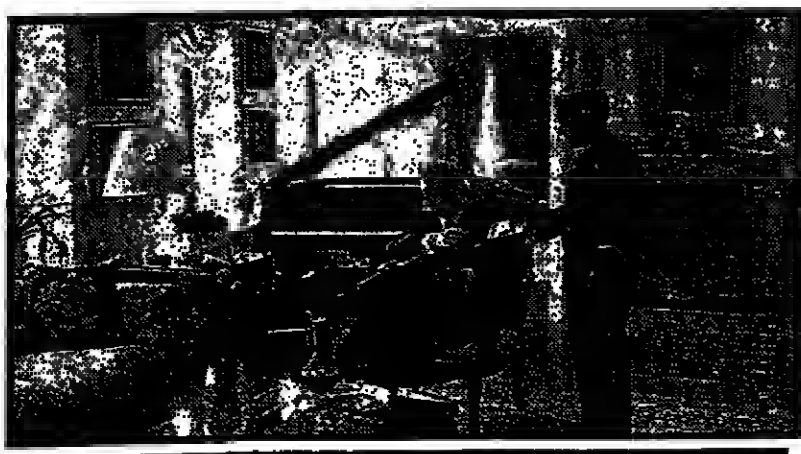
record at the ITB Berlin, confirming its importance for international business. 91% of exhibitors had already announced their intention of attending in 1994 during the ITB 1993.

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FORTE

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Garry Marchant is a Hong Kong-based writer who specializes in Asian political, financial and travel affairs. • Terry Swartzberg is a Munich-based business writer. • Alan Tillier is the author of "Guide to Business Travel Europe" and a contributor to The Times of London.

SPORTS

His Airness of the NBA
Becomes His Errorness

Compiled by Our Staff From Dispatches

SARASOTA, Florida — Had this been the debut of any other minor league player, it would have passed unremembered. Most would try to forget it.

Michael Jordan, the world's most famous and most chronicled baseball rookie, went hitless in three at-bats against virtually minor league pitchers Thursday, striking out twice in the Chicago White Sox's intrasquad game.

He nearly got a hit his first time up, when he roped a fastball to left-center field off the best pitcher he faced, James Baldwin. But Warren Newson made a sliding catch.

Still, if the crowd of 1,736 at Ed Smith Stadium remembers anything about Jordan's performance, it will not be his near hit, it will be his near catch. Jordan dropped a fly ball to short right field that scored the go-ahead run.

"I wanted to catch the first one because everybody is sitting there thinking once they hit it to me, how will I respond?" he said. "And I knew that, and I just didn't respond like I wanted. I'm glad I got another one hit to me so I left with people knowing that I can at least catch the ball."

Jordan, whose nine-year National Basketball Association career saw previous few days filled with such pratfalls, took it all in stride, just as he has everything associated with baseball's most ballyhooed tryout.

"I knew everyone was looking at me and I didn't want to make any mistakes," Jordan said. "I've made a lot of mistakes — I've made a lot of turnovers in my game — but every little one is crucial in this game."

He was even upbeat afterward, taking comfort that he was able to see pitches better, even if they were speeding by him.

"I saw it as a good thing, seeing what it was like in a baseball game," said Jordan, who had not played in a game since his senior year in high school. The crash course in hitting, in fielding on brutal windy days, they were needed, too, he said, as learning aids.

There were some nerves, Jordan admitted, what with the whole world seemingly watching his debut.

"The open field, the tenseness that you feel out on the field, it plays on your mind a little bit," he said. "You're trying to think about the game, think about what your responsibilities are. What if the ball is hit to you, if there's a man on first, where do you throw it?"

Jordan said he even watched what other players did in the dugout, making sure to put his glove in the right place. That is a part of baseball etiquette because players often retrieve the gloves of a teammate who is running the bases at the end of an inning.

"A lot of players maybe don't go through that thinking because of their experience, but being as that's the first time I've been out there, I found myself trying to make sure I'm doing what's right," Jordan said.

Wanting to do the right thing and doing it is not always easy. The error charged to Jordan proved that. It came in the fifth inning, when Joe Hall, the game's other right fielder, sliced a ball into shallow right. The ball drifted toward the line. Jordan, playing deep, reacted but took a circuitous and tentative route to the ball. He nearly overran it, then failed to corral it with an awkward basket-catch close to his chest.

As the ball bounded away, the fans in the crowd groaned.

"Next time, I will feel more comfortable knowing that I made at least one mistake, and

struck out already, and next time it won't be quite as embarrassing," he said.

If he doesn't make the White Sox roster by the end of spring training, Jordan said he would go to the minors for as long as two years, but no longer.

"I must go out and continue to improve and hopefully I can prove my critics wrong," he said, "but I can't let them get into my head and put doubt in my head, because then, I might as well quit," he said. (NYT, LAT)

■ \$7.5 Million Sophomore

Tim Salmon signed a \$7.5 million, four-year contract with the California Angels, the richest contract for a second-year player in baseball history, The Associated Press reported.

"I feel awkward about it," Salmon said in Tempe, Arizona, where the Angels train. "A year and a half ago, I was in the minor leagues, never dreaming I'd be in this position so soon, or ever."

The previous record for a second-year player was set by the Los Angeles Dodgers' Mike Piazza, who recently signed a three-year deal for \$4.2 million.

Piazza's contract works out to \$1.4 million per season, while Salmon's will average almost \$1.9 million a year. Each won the rookie-of-the-year award in his respective league.

The Angels, apparently trying to usher in a new era in their rocky history of player relations, also signed outfielder Chad Curtis and shortstop Gary DiSarcina to three-year contracts.

Curtis signed for \$4.5 million and DiSarcina for about \$2.6 million.

By agreeing to their multiyear deals, all three players surrender their right to file for arbitration during the life of their contracts.



Michael Jordan, who struck out twice, fared little better in the field. "I knew everyone was looking at me and I didn't want to make any mistakes," he said.

Vincent Book on Deck
To Take Last Licks

By Richard Sandomir

New York Times Service

NEW YORK — In a proposal for a memoir about his three years as baseball commissioner, Fay Vincent snipes at such high-profile owners as George M. Steinbrenner III, Peter O'Malley, Jerry Reinsdorf and Bud Selig, describes Bart Giamatti's unhappiness as National League president before becoming commissioner and says unequivocally that Pete Rose gambled on baseball.

The 40-page proposal is for a book called "And The Horse They Rode In On: My Tumultuous Years as Baseball Commissioner," which would be written with David Kaplan of Newsweek. The title refers to a favorite phrase of Giamatti's.

According to the proposal, circulated among publishing houses by the William Morris Agency, bidding will start at \$300,000 in a coming auction.

Proposals are come-ons to publishers, part of the process of selling the rights to a book, the hard sell to get the most money for an author. It is in the author's best interest to present as many of the best, juiciest and perhaps hyperbolic opinions in the proposal to gain maximum attention. Sometimes, elements contained in a proposal do not survive publication.

The proposal consists of Vincent's snapshot impressions of his stormy tenure as baseball commissioner, which began in September 1989 after the death of Giamatti, and a long narrative about the Rose case.

Vincent resigned in September 1992, under pressure from owners who often bitterly disagreed with him over such issues as labor relations, divisional realignment and division of expansion fees. Major league baseball has not yet elected his successor.

Reached Thursday at his home in Greenwich, Conn., Vincent said he had approved the proposal, but distanced himself from its glib, often unpleasant tenor.

"I wouldn't put much stock in the tone," he said. "It's not my style. We have a lot of work to do before we write the book. I'm sure the book will be different."

He added: "It's not my intention to be re-vengeful."

But upon learning that excerpts from the proposal would be made public, he abruptly said he would not pursue writing the book.

"Just say I'm not writing it," he said. "You did not get the proposal legitimately. I'm upset that you would do this, and I don't want to be part of it. This tells me the publishing industry is filled with bad people."

Even if he does not write the book, the proposal provides the most candid assessments of baseball's hierarchy from Vincent ever to become public.

Vincent writes that Reinsdorf, the owner of the Chicago White Sox, is "dangerous" and blames him more for "the poor state of baseball" than anyone else.

Reinsdorf refuted the characterizations and said: "Fay is apparently bitter. I don't harbor any personal animosity to him. My problem with him was job performance. If he chooses to write a book, I don't think it will enhance his reputation. He'd be better off putting it all behind him."

Vincent calls Bud Selig, the owner of the Milwaukee Brewers and the interim commis-

Vincent on Jerry
Reinsdorf, owner of the
White Sox: 'Dangerous.'
Reinsdorf on Vincent: 'Fay
is apparently bitter.'

sioner, a "small-town schlemper" who, along with Reinsdorf, is "the emblem of baseball's decline."

"I have no comment other than that I find all this very sad," Selig said from Chandler, Arizona, where the Brewers are training.

In describing the principal owner of the Yankees in the proposal, Vincent calls Steinbrenner "the most hated man in baseball."

During negotiations that led to Vincent's banning Steinbrenner from baseball in 1990, Steinbrenner was asked if he was being "Machiavellian." He responded, Vincent says in the proposal, by saying: "Who's he — a famous ballplayer?"

A spokesman for Steinbrenner said he could not be reached for comment.

Vincent lashes out at O'Malley, the Los Angeles Dodgers owner, as a "nitwit" and a "big-

ot."

Through a spokesman, O'Malley declined to comment on Vincent's remarks.

During the 1989 earthquake in San Francisco that interrupted the World Series, Vincent writes that his suggestion that each team contribute \$50,000 to disaster relief was met with anger by O'Malley.

Vincent takes aim at Bill White, the just-retired National League president, by saying White "is a good man" but "incompetent."

"I don't want to get into it," White said when reached at his home in New York. "I suggest you talk to people where he's worked before, if you want to talk about incompetence."

According to Vincent, Giamatti, who succeeded Peter V. Ueberroth as commissioner in April 1989, had been frustrated in his previous position as National League president and tried to leave within weeks of taking over in 1987.

Several weeks into Giamatti's tenure, Vincent writes in the proposal, Giamatti called him, shouting about how he hated the job and that he was bored. Vincent says that Giamatti applied to be head of the Rockefeller Foundation. Giamatti lost the bid but grew to enjoy the National League presidency because of his dealings with umpires.

Vincent says that Giamatti coveted the office of commissioner and worked behind the scenes to accelerate Ueberroth's departure.

Vincent describes Giamatti "tunneling beneath whatever foundation Peter was establishing among owners" and trying to discredit Bobby Brown, the American League president, whom he saw as his only competition.

Most owners, he says in the proposal, believe that they must destroy the players' union as the "final salvation" of baseball's economic future.

Alerting AL: Here Comes Angry Randy

By Murray Chass

New York Times Service

PEORIA, Arizona — Two reasons for American League hitters to fear the sight of Randy Johnson this year: He expects to pick up where he left off last season, and he does not think he received the proper recognition for what he achieved last year.

"I haven't got a whole lot of respect from my peers," Johnson said. "I don't need to be respected by them, but they have to face me."

Coming from a 6-foot, 10-inch long-haired pitcher whose left arm flings the ball at speeds of 95 miles an hour and faster, those words should strike even more fear into the minds and hearts of the people who see Johnson from a distance of 60 feet 6 inches.

Speaking at a closer distance before the Seattle Mariners worked out, Johnson sounded like a pitcher who no longer has any doubts about his talent and what he can do with it. Some who hear or read his words might see them as the output of a huge ego, but they are warranted. With his performance last season, especially in the latter part, Johnson gave notice that he is ready to become the dominant pitcher in the American League.

"Roger Clemens was the power pitcher of the '80s," Johnson said. "I feel I'm coming into my own and can be the same type of pitcher."

Johnson, whose wildness and inconsistency have delayed his ascent to that height, led the major leagues in strikeouts (308), strikeouts per

nine innings (10.9), fewest hits per nine innings (6.52) and batting average against (.203). His strikeout ratio was the fourth highest in baseball history, and his 112-strikeout lead over Mark Langston, the runner-up, was the fifth largest lead in baseball history. He also was the first left-handed pitcher to strike out 300 since Steve Carlton of the Phillies in 1972.

Perhaps just as impressive for what it indicated, Johnson did not lead the American League in walks for the first time in four seasons. In fact, he pitched 45 more innings than the year before and walked 45 fewer batters. But he did lead the league by hitting 16 batters with pitches, which might not have been a negative development.

"Most of the batters in this league know I can be effectively wild," the 30-year-old Johnson said. "I understand from Dave Valle, who used to be my catcher, that batters don't want to face me. I throw hard, and I can be wild. Batters have to stay on their toes. They can't dig in on me because they don't know where the ball is going."

One of the highlights of last season was the confrontation between Johnson and John Kruk in the All-Star Game. After a pitch sailed over the left-handed Kruk's head, he swung meekly and wildly at two more pitches and went gratefully back to the dugout.

"The John Kruk thing was a little comedy thing," Johnson said. "But it wasn't funny when I hit Mike Greenwell in the head. If

batters don't feel comfortable up there, I've won half the battle. The other half is getting them out. I want the hitter to know when he comes to the plate, it's going to be one of the toughest at-bats he has."

As fearful as he makes the hitters, Johnson feels they showed snubbed him when they elected Jimmy Key of the New York Yankees the left-handed pitcher on The Sporting News's all-star team. Key had an 18-6 record and a 3.00 earned run average, while Johnson had a 19-8 record and a 3.24 ERA.

"Maybe they forgot I'm a left-hander or they don't know where Seattle is," Johnson said. He also feels he was shortchanged in the voting for the Cy Young Award, receiving 6 first-place votes to 21 for the winner, Jack McDowell. But baseball writers do that voting, and none of them would be foolish enough to stand 60 feet 6 inches away from Johnson's left arm.

On the other hand, Johnson noted that many of the league's left-handed hitters, including John Olerud, Wally Joyner and Mo Vaughn, disappear from the lineup on days he pitches. "I guess that's a form of respect," he said. "Don Mattingly is the only left-hander who wants to hit against me."

There was a game last July, though, where all of the Cleveland Indians enjoyed hitting against Johnson. They battered him for eight runs in one and one-third innings, prompting Manager Lou Piniella and Sammy Ellis, the pitching coach, to summon him to a closed-door meeting.

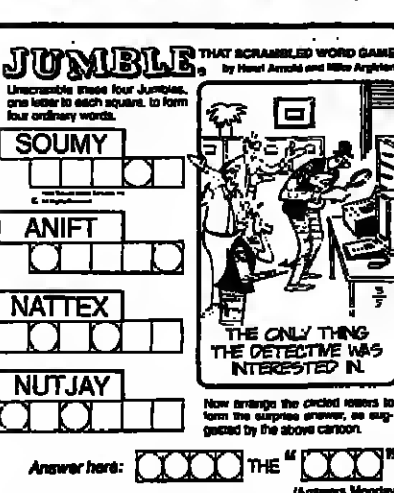


Randy Johnson on hitters: "I don't need to be respected by them, but they have to face me."

"They said I had to step up my work program," the pitcher related. "I have to work harder than other pitchers because I'm a power pitcher, and I'm taller so I have to work on my mechanics more. I did that in the second half, and it paid dividends."

In his last 10 starts, from Aug. 14 on, Johnson compiled an 8-0 record and a 2.14 ERA and struck out 103 in 84 innings.

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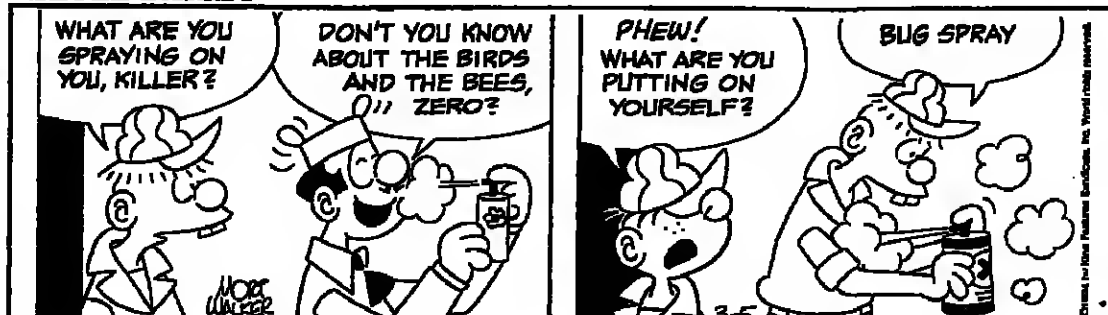
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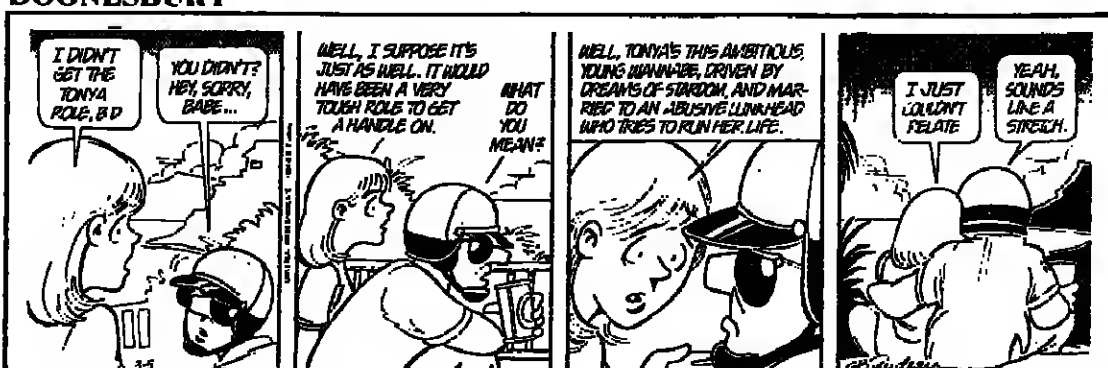
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SPORTS

Big Ten Showdown
Set as Purdue Wins

The Associated Press
The stars of the Big Ten's junior class will meet Sunday, with the conference title on the line. Purdue's Glenn Robinson, the leading collegiate scorer, got 31 points Thursday night to lead the ninth-ranked Boilermakers to an 86-70 victory over No. 18 Minnesota. That put Purdue (24-4, 12-4 Big Ten) a half-game behind No. 3 Michigan (12-3), the school with the junior class that has reached consecutive national championship games. They play Sunday in Ann Arbor.

COLLEGE BASKETBALL

Michigan, the Wolverines coming off a 71-58 loss to Wisconsin. "I was feeling pretty good," said Robinson, who bettered the 30-point mark for the 13th time this season and, with 12 rebounds, posted his 15th double-double of the season. "Last night after we saw the score and that Michigan lost, I kind of got fired up."

He was just over his 29.3 average and finished 11-for-17 from the field. "We tried to find a way to stop Glenn, to the right, to the left, down the gut, we couldn't find a way to stop him," said Minnesota's coach, Clem Haskins.

Cuomo Martin added 20 points and Matt Waddell got 12 plus a career-high 10 assists for the Boilermakers, who scored 16 of their final

It's a Lesson
In Humility

Los Angeles Times Service
It was a big day for the kindergarten at Ponderosa Elementary School in Post Falls, Idaho, when quarterback Mark Rypien of the National Football League's Washington Redskins came to visit.

Rypien entered the classroom with a police officer, Pete Marion, who is the school's Drug Awareness, Resistance and Education officer.

Teacher Mary Rohlfman asked, "Child, do you know who this is?"

To unison, the children shouted back, "It's Officer Pete!"

SIDELINES

Tokio and Galicia Neck and Neck

SOUTHAMPTON, England (AP) — The Japanese-New Zealand yacht Tokio and Spain's Galicia 93 Pescara were tied for the lead with the European entry Intrum Justitia after three nautical miles behind in the Whitbread "Round the World Race" as the fleet headed Friday for stormy seas close to Cape Horn.

According to race officials, the leading boats were about 700 miles west of the Cape and entering a stormy area with strong winds forecast. The catamaran Enza, which is attempting to circumnavigate the globe in 77 days or fewer, reported that it closing on Cape Horn after adverse winds and hoped to round it in the early hours of Saturday morning.

For the Record

Jimmie Jones, the star defensive tackle of the Dallas Cowboys, has reached agreement on a four-year contract with the Los Angeles Rams worth \$7.1 million.

England is to play an exhibition soccer match against Norway, one of the teams that eliminated it from the World Cup, on May 22 at Wembley. (AP)

Dennis Rodman of San Antonio was suspended a game by the NBA for butting John Stockton of Utah in Wednesday night's game. (AP)

Quotable

"Kimiko Date, the tennis player who likes to eat Japanese food wherever she goes: 'I know some Japanese people like to copy other cultures because they think it's cool, but I don't like that. If you are Japanese, you should be Japanese everywhere.'"

"Willie Burton, the injured Miami Heat forward who ordered a pizza from the bench and sat there eating it during a game: 'What's the big deal? I was hungry, man. It's not like I committed a crime.'"

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct
New York	31	17	.645
Orlando	31	21	.594
Atlanta	31	21	.594
Charlotte	29	23	.558
Philadelphia	29	23	.558
Washington	17	40	.298

WESTERN CONFERENCE			
Team	W	L	Pct
Utah	31	17	.645
San Antonio	31	17	.645
Phoenix	29	23	.558
Denver	29	23	.558
Los Angeles	16	37	.298
Portland	16	37	.298

THURSDAY'S RESULTS			
Team	W	L	Pct
Atlanta	31	17	.645
Orlando	31	21	.594
Charlotte	29	23	.558
Philadelphia	29	23	.558
Washington	17	40	.298

Hawks Romp,
Stay Unbeaten
With Manning

The Associated Press
Danny Manning, for the first time since he was a collegian at Kansas, is once again the go-to guy on the best team in the conference. Manning had 22 points, 13 rebounds and 7 assists as the Atlanta Hawks won their fifth straight Thursday night, beating the Washington Bullets, 109-98. Atlanta hasn't lost since obtaining Manning from the Los Angeles Clippers and has opened a 2½-game lead over the New York Knicks in the East.

NBA HIGHLIGHTS

Koncak. "But in the fourth quarter, when we needed big baskets, he's come in and done that, too."

That's what Manning did against the Bullets when they got close. The Hawks had just a one-point lead before Duane Ferrell dunked on a pass from Manning to begin an 8-0 run that made it 102-93 with 3:04 left. Manning had four points in the surge.

After the Bullets closed to 104-97, Manning hit two straight jumpers to seal it. "That's what we need from him," Koncak said. "We need a guy to move the ball throughout the game, and then when the game's on the line, to step up and make the big shots."

Manning's seven assists were a team-high. "It's not like he wants to shoot every time. He likes to get everybody involved, and that's a tribute to him," said Duane Ferrell, who scored 21 while subbing for the ill-tidened Kevin Willis.

In three games since the trade, Manning is 22-of-43 from the field.

"I'm feeling more comfortable every game," he said. "I feel that whenever I get the ball, I can make something happen."

Magic 107, Mavericks 94: Shaquille O'Neal scored 43 points, six below his career-high, and appeared to be angry at Orlando's coach, Bob Hill, for taking him out with 2:44 to go in Dallas.

O'Neal, playing against an overmatched and smaller front line, scored the most points against the Mavericks since Michael Jordan had 43 in 1990.

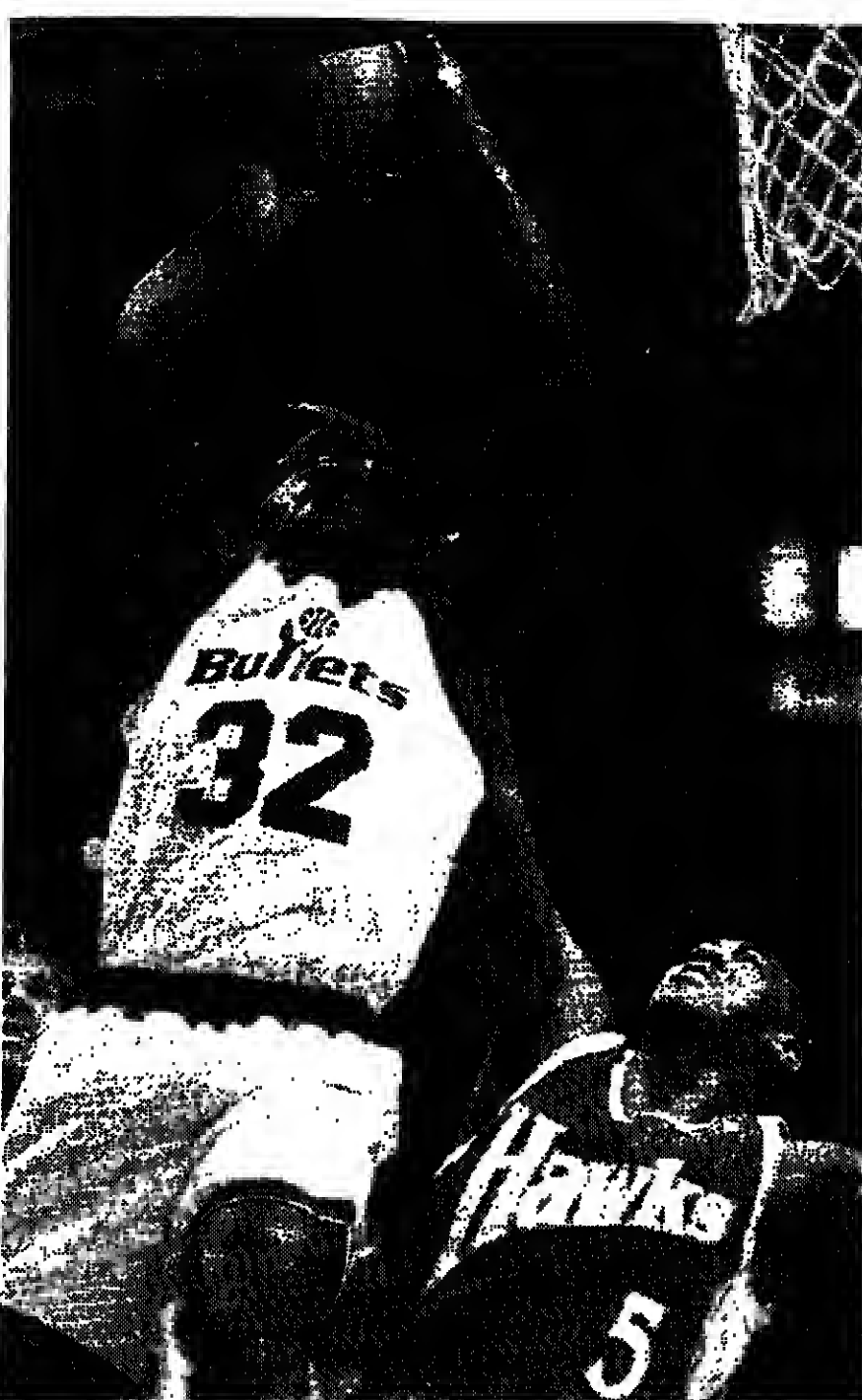
Knicks 97, Nets 86: A close game in New York turned into a rout in the fourth quarter as the Knicks opened the period with a 15-2 run.

Greg Anthony scored 18 points for the second consecutive game after losing his starting spot to Derek Harper. Patrick Ewing added 28 points and 16 rebounds.

Warriors 120, Suns 107: Mullin made 11 of 13 shots from the field and scored 25 points as Golden State, playing at home, led almost the whole way.

Avery Johnson made his last seven shots to finish with a season-high 23 points on 10-of-13 shooting. Phoenix shot just 43 percent.

"Right now, we don't deserve to be considered one of the best teams in the West," said the Suns' coach, Paul Westphal.



Danny Manning was out of sight against the Bullets, especially their Mitchell Butler.

One Big Mac, Small Fries and a Ball Bat, Please

The Associated Press
CHICAGO — What would Ronald McDonald have said?

Forward Clifford Robinson and guard Rod Strickland of the Portland Trail Blazers were arrested Friday after a minor traffic accident evolved into a pushing and shoving match in the parking lot of a McDonald's restaurant, police said.

Strickland, who attended nearby DePaul University, and Robinson were charged with simple battery, a misdemeanor, and released after posting \$100 cash bond, police said. A court date of April 27 was set.

The Trail Blazers were in town to play the Chicago Bulls on Friday night. The Bulls have been the best of hosts recently, losing three straight at home.

Brand, Quiros Leading in Golf
With Olazábal in Hot Pursuit

The Associated Press
TORREVEJIA, Spain — Gordon Brand Jr. of England shot 6-under-par 66 on Friday to share the second-round lead in the Mediterranean Open with Juan Quiros of Spain, with both at 10-under-par 134. Quiros surged to the top with his second round of 67.

Jose-Maria Olazábal of Spain, who is seeking his first tour victory in two years, was at 135 after a second round of 65. But Antonio Garrido, the 50-year-old Spaniard who shot 66 for the opening-round lead, needed nine more strokes Friday and was at 141.

Ray Floyd, 51, who plays where he wants when he wants, and Jim Thorpe, 45, who plays where he can when he can, shared the lead at 4-under-par 68 going into Friday's second round of the Doral-Ryder Open in Miami.

British Open champion Greg Norman opened with 71 on a very windy day, while England's Nick Faldo began his American season with a 73. Fred Couples shot 74 and Nick Price, the 1993 tour's player of the year, shot 75 in his first start of the year in the United States.

Thorpe isn't yet eligible for the seniors, hasn't had a PGA Tour card since 1991 and got

into the Doral tournament only as the recipient of the last sponsor's exemption.

Phil Mickelson, who is second on the PGA Tour money list with \$315,845, broke the femur in his left leg when he hit a tree while skiing Thursday on Flagstaff, Arizona.

An official at the slope said Mickelson was injured on an intermediate course. He had a pin inserted just below his hip to just above his knee, said his agent, Steve Loy.

The former Arizona State standout told The Arizona Republic newspaper in January that he knew the risks, but wouldn't give up skiing.

"Obviously, it's not very intelligent in our sport because we don't get guaranteed money," Mickelson said. "On the other hand, I'm 23 and don't want to live my life being afraid of getting hurt. I've skied since I was a kid, broken lots of skis but never any bones. I guess the way I look at it is if I get hurt, I'll heal."

"The doctors say he'll have a 100 percent recovery," Loy said. "Phil will spend about three to five days in the hospital. I've been told there won't be a cast, and he should recover in four to six weeks, more or less." (AP, NYT)

Another Twist:
A Man Attacks
Harding in Park

Compiled by Our Staff From Dispatches

BEAVERTON, Oregon — Tonya Harding, the U.S. figure skater embroiled in the attack on her rival, Nancy Kerrigan, has herself been assaulted in a city park near the apartment complex where she has been staying with friends, police said Friday.

Harding suffered scrapes and bruises and a sprained wrist in the attack, which occurred about 11 P.M. Thursday. Police said it was possible she was targeted.

"I am sure she is in some discomfort emotionally and physically but otherwise is fine," said a police spokesman, Mark Hyde.

Harding told police she was walking from her pickup truck through McMullen Park to the apartment of John and Stephanie Quintero, with whom she has been living since leaving her former husband, Jeff Gillooly, when a man knocked her down from behind.

The man then jumped on her back, and a struggle ensued, Hyde related. The assailant, who according to Harding didn't say anything during the attack, fled when she activated a personal alarm.

She ran back to her friends' apartment, where she called police. She was taken to a hospital, treated for bruises on her knees and elbows and a sprained left wrist, then released, Hyde said.

Police and tracking dogs searched the park, but did not find the man.

Harding didn't get a good look at her assailant and so one witness the attack, which lasted less than two minutes, Hyde said.

But, he said, investigators didn't doubt the authenticity of Harding's report.

"Everything that we've looked at based on the physical evidence at the scene and her mental state at the time certainly suggests it was a legitimate" report, Hyde said.

As to whether the attack was planned rather than made at random, he said, "You certainly have to look at that as a possibility."

He said the park is in a very quiet neighborhood, and that the last crime reported in it was an indecent exposure a couple years ago. Hyde said police would talk to

Harding again "to backtrack what she was doing," as well as to people who might have seen something suspicious in the area.

Harding has not been charged in the Kerrigan attack, but she has been implicated by Gillooly, who pleaded guilty to a state racketeering charge and faces a two-year prison term and a \$100,000 fine.

Harding's sometime bodyguard, Shawn Eckardt, 26, and two other men, Shane Stan, 22, and Derrick Smith, 29, have been charged with conspiracy to commit assault based on confessions made to FBI agents.

Earlier, Harding's lawyers, who managed to get her into the Olympics, where she finished eighth, filed an appeal with the U.S. Figure Skating Association challenging a disciplinary hearing scheduled to be held next Thursday.

A five-member USFSA panel is to consider whether Harding should be kicked out of the association because of her role in the Jan. 6 attack on Kerrigan, who won the silver medal in Norway. Without her association membership, Harding would be banned from the world championships, which begin March 22 in Chiba, Japan.

Harding's attorneys contend that until they have exhausted their appeals, the USFSA panel cannot take action against her. They want any hearing put off until completion of the criminal probe into the Kerrigan assault.

A grand jury in Multnomah County, Oregon, which is investigating the attack, is to deliver its final report March 21.

In Washington, the Justice Department said it was examining whether suspects in the attack on Kerrigan should be charged with violating federal racketeering statutes. Officials said the department agreed to look at the case after having been asked to two weeks ago by the district attorney for Multnomah County.

The U.S. attorney's office in Oregon had already concluded that no federal laws were broken, an FBI agent in Portland said.

The district attorney's office could not be reached for comment, and it was unclear a second request for federal intervention had been made. (AP, Reuters, WT)

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DAVE BARRY

Of Moss and Music

MIAMI — Why don't regular people like classical music? This is the question that was posed to me recently in a letter from Timothy W. Muffitt, the music director of the University of Texas Symphony Orchestra, which has gained international acclaim for its rendition of "Achy Breaky Heart."

No, I'm sure it's a fine orchestra that plays a serious program of classical music featuring numerous notes, sharps, flats, clefs, bassoons, deceased audience members etc.

Anyway, Mr. Muffitt states that he has been asked to conduct a series of concerts for the Louisiana Philharmonic Orchestra next fall; the goal is "to get people into the concert hall other than those who usually come." He asks: "What would get the average Joe into the concert hall? Do you go to classical music concerts? Why or why not?"

Our first task is to define exactly what we mean by "classical music." When we look in volume "M" of our son's World Book Encyclopedia, we find, on pages 838-9, the following statement: "Mosses grow and reproduce in two phases — 'sexual' and 'asexual.'" Not only that, but during the "sexual" phase, the moss develops "special organs," and when the time is ripe, "they burst and release hundreds of sperm cells."

Do you believe it? MOSS! Growing organs! Having sex! Probably smoking little one-celled cigarettes afterward! Parents, this could be going on in YOUR COMMUNITY. I think we should alert the Reverend Pat Robertson.

But we also need to define "classical music." A little farther on in the World Book, we come to the section on music, which states: "There are two chief kinds of Western music, classical and popular." Thus we see that "classical music" is defined, technically, as "music that is not popular." This could be one reason why the "average Joe" does not care for it.

I myself am not a big fan. I will go to a classical concert only under very special circumstances, such as that I have been told to make a ransom payment there. But until I got this letter from Mr. Muffitt, I never knew why I felt this way. I've been thinking about it, and I have come up with what I believe are the

three main problems with classical music:

1. IT'S CONFUSING. With "popular" music, you understand what's happening. For example, in the song "Long Tall Sally," when Little Richard sings, "Long Tall Sally, she's built for speed," you can be certain that the next line is going to follow logically ("She got everything that Uoelo John oed"), and then there will be the chorus, or, as it is known technically, "the 'ooh baby' part." Whereas in classical music, you never know WHAT will happen next. Sometimes the musicians stop completely in the middle of the song, thereby causing the average Joe, who is hoping that the song is over, to start clapping, whereupon the deceased audience members come back to life and give him dirty looks, and he feels like a big dope.

2. IT TAKES TOO LONG. The Shangri-Las, performing "Leader of the Pack," take only about four minutes to tell a dramatic and moving story — including a motorcycle crash. A classical orchestra can take five times that long just to sit down. There needs to be more of an emphasis on speed. There could be Symphony Sprints, wherein two orchestras would compete head-to-head to see who could get through a given piece of music the fastest. There could even be defecation, wherein for example the trombone players would void their spit valves at the opposing violin section. This would be good, because:

3. IT NEEDS MORE ACTION. When I was in college, I saw the great blues harmonica player James Cotton give a performance of "Rockin' Robin" wherein he struck his harmonica into his mouth, held his arms out sideways like an airplane, and toppled head-first off an eight-foot stage into the crowd, where he landed safely on a cushion of college students and completed the song in the prone position.

I am not saying that classical musicians should do these things. I am just saying, Mr. Muffitt, that until the average Joe can expect this level of entertainment from classical music, he is probably going to stay home watching TV, stuck to his sofa like moss on a rock. But with less of a sex life.

Knight-Ridder Newspapers

The British Lord Who Is Taking On History

International Herald Tribune

LONDON — On Monday evening, Baron Diamond will rise in the House of Lords to present a bill remarkable for its brevity — it is only 205 words long — and for its revolutionary intent. The bill will do away with male primogeniture and allow the oldest child, daughter or son, to succeed to an hereditary peerage.

It is the first such bill in the history of the House of Lords and is guaranteed to make some long and oooh teeth rattle. "The tradition against women succeeding"

MARY BLUME

to hereditary titles goes back many centuries and the House of Lords is the home of tradition," Lord Diamond said in the decorous visitors' tearoom. Short and feisty, with his necktie tucked squarely into his trouser top, Diamond, 86, says that he is a whippersnapper and an upstart in the House. His fellow peers call him Jack.

Long a Labor MP, then a Social Democrat and now an independent, John Diamond became a life baron in 1970 and as such has nothing to gain or lose from his bill. His aim is to end what he calls a gross injustice to women.

"The House has passed legislation against discrimination against women and in favor of equal opportunities, and I couldn't help but think as I listened to their speeches how unfortunate it was that in their own affairs the Lords were doing quite the opposite."

Diamond began thinking about sex discrimination in the Lords about 10 years ago and says he was encouraged by the then-leader of the House, Lady Young, who hinted that he might think of bringing a private member's bill.

The first version of the Hereditary Peerages Bill was presented in late 1992 and while there were 14 speeches in favor and only 10 against, it was rejected. A problem was that in this version each hereditary peer was given the option of either continuing in the present tradition or of choosing whether to be succeeded by an eldest child, female or male.

While some peers with daughters whose titles would pass on to a distant and perhaps unknown relation favored the bill, Diamond realized he was wrong to have suggested a choice. As Lord Longford — whose eldest child, the writer Lady Antonia Fraser, would succeed him had the law been effect at her birth — remarked to the press:

"I am in favor of the eldest child succeeding to the title, whether a girl or a boy ... but I am not in favor of choice. It is not reasonable for a father to dangle the prospect of a title in front of children throughout their lives."

Diamond realizes now that choice was an element in the defeat of the first version of his bill: "I thought it was the gentle way in, I didn't want to impose my will on peers who felt very strongly to the contrary."

"I was surprised to find from nearly all the speeches made, almost without exception, that the one thing they did not like was having the choice because that they would prefer being told what to do. So the amended bill does not give any option."

The amended version provides that the eldest lawfully begotten child shall succeed, or, if the letters patent permit the peerage to pass to some other relative, this relative will succeed, whether female or male.

As an angust, the amended bill also provides that peers who have a son over the age of 18 will see that son succeed, even if there is an older daughter, and that if the heir is another relative the new act will not apply for another 10 years. Even so, Diamond knows he faces strong opposition and expects Lord Shrewsbury, the premier earl in the peerage of England and Ireland, to move that the bill be shelved when debate opens on Monday.

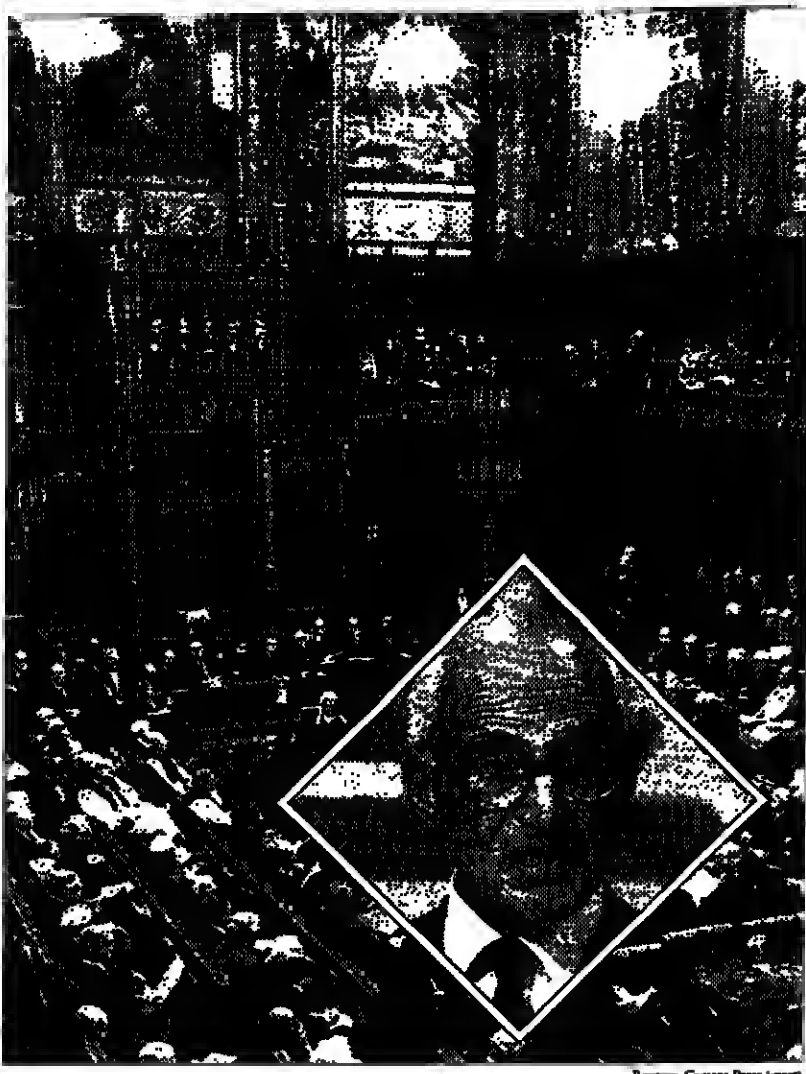
Lord Denham, who opposed the bill the first time around, will probably do so again — "By nature he is against changing history, as he calls it," Diamond says — while Lord Montgomery of Alamein has pledged support. He has a son but his son has three daughters. Diamond does not expect that Baroness Thatcher, a life peer, will bother to attend the debate.

If the bill passes after Monday's second reading (the first reading is a mere formality), it will then go to committee stage where legal experts will iron out such questions — potentially more significant than a title — as property inheritance if male primogeniture is abolished (Diamond's view is that property and title could be bequeathed separately).

In England a woman can succeed to the throne but not to an hereditary title except in rare cases: of 774 hereditary peers, 17, or just over 2 percent, are women and they have only been allowed to take their seats since 1963. The hereditary peeresses, Diamond says, were not necessarily in favor of his bill.

"One of them said that the proper place for women is in the kitchen and having babies. She got out of the kitchen but didn't think anyone else should."

He is not entirely sanguine about the passage of his bill: "This is the home of reaction, of traditionalism, and therefore I expect objections to anything that presents a change," he said. "The House of Lords believes in equal opportunities as long as the Lords is left alone."



Lord Diamond, inset; the House of Lords.

Diamond's bill can be seen as a thin-end-of-the-wedge measure to further change what was once a purely hereditary membership. The first major transformation came with the introduction of life peerages in 1958. "No one attempts to justify that being born in the right cradle enables the occupant of that cradle to legislate," Diamond said. He views life peers as much harder working than hereditary peers, many of whom do not attend debates.

Diamond would like to see more stringent standards applied to the creation of life peerages and ultimately to have as much as half the House of Lords elected. He knows this is utopian since it means that the Lords, which already has twice as many members as Commons, would then become stronger than it is now. "And the House of Commons is very jealous about this," he said.

House of Commons is very jealous about this," he said.

But his present concern is redressing what he regards as injustice to women. "It's very odd indeed that the House should be in the forefront of eliminating discrimination against women and in its own backyard be so aggressive about allowing women to participate in one of the most important workshops in the country."

Potential supporters of his bill range from progressives to hidebound lords who cannot bear to think of their titles going to an uncouth cousin in Australia. Diamond looks forward to the fight.

"I am used to having to fight my way through and through sheer Yorkshire stubbornness to get there are the end of the day, one way or the other," he said.

PEOPLE

Lis as a New TV 'Eve': Will She or Won't She?

Is Elizabeth Taylor really going to star in a TV series? Paramount Television Group says yes, it is negotiating with her to play a wealthy woman in "Daughters of Eve." Taylor would reportedly be paid close to \$125,000 per episode. But an employee of the William Morris Agency, which represents Taylor, says she doesn't plan to appear in that or any other TV series. Stay tuned for the next installment.

Jack Nicholson, accused of breaking a motorist's windshield with a golf club, has turned up on Los Angeles Police Department posters advertising its golf tournament, which the actor will host. Says Commander Dave Gascon, a police spokesman: "He's innocent until he's proven guilty." Nicholson faces arraignment on March 31.

Princess Diana's brother says a report that he wrote her a critical letter is "malicious rubbish." Today newspaper said a leaked letter from Charles Althorp warned Diana that she risked damaging her image if she didn't stop making public appearances. Said Althorp: "I have never been anything but supportive of my sister and I resent a newspaper using me to get across its own misguided views."

A man carrying a knife in a crowd waiting for Prince Charles was arrested Thursday night in London. No one was hurt and there was no indication whether Charles was an intended target.

Clint Eastwood is getting tough with the National Enquirer. He is suing the tabloid for publishing an interview he says never took place. The suit stems from an article published in its Dec. 21, 1993, issue.

Tough guy Mickey Rourke can now legitimately use his fists. The actor will give boxing lessons to underprivileged children in Miami under an agreement that spares him from going to jail for resisting arrest.

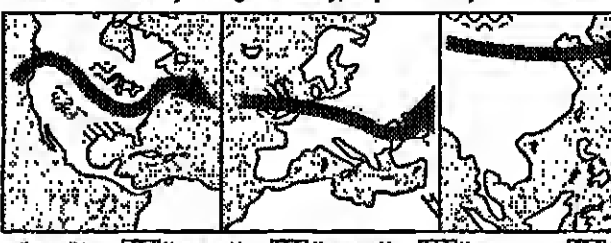
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WEATHER

Europe

	Today	High	Low	Tomorrow	High	Low
Algeria	17/82	84/88	58/64	18/84	82/83	58/64
Amsterdam	59/69	43/51	31/38	64/63	43/51	31/38
Athens	7/44	-5/24	1/31	6/43	-5/24	1/31
Bombay	14/57	43/58	30/41	16/61	48/59	34/45
Buenos Aires	16/51	64/68	41/48	17/62	68/72	45/52
Calcutta	34/48	-1/31	30/36	32/37	-1/31	30/36
Cairo	14/57	43/58	30/41	16/61	48/59	34/45
Delhi	12/28	43/58	10/20	12/28	43/58	10/20
Hong Kong	8/48	1/24	11/32	3/37	1/24	11/32
London	6/48	2/28	0/34	2/28	0/34	2/28
Los Angeles	18/64	10/50	5/42	17/62	11/52	6/43
Madrid	8/48	3/27	14/57	4/28	3/27	14/57
Moscow	6/48	1/24	11/32	3/37	1/24	11/32
New York	17/62	43/58	10/20	12/28	43/58	10/20
Paris	14/57	43/58	30/41	16/61	48/59	34/45
Perth	14/57	43/58	30/41	16/61	48/59	34/45
Seoul	14/57	43/58	30/41	16/61	48/59	34/45
Singapore	14/57	43/58	30/41	16/61	48/59	34/45
Tokyo	14/57	43/58	30/41	16/61	48/59	34/45
Washington	14/57	43/58	30/41	16/61	48/59	34/45

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



North America
A storm will bring heavy rain to the Rocky Mountains Sunday and Monday. The storm will move into the Midwest Tuesday with scattered rain and thunderstorms, some of which may be heavy. The East Coast will be mainly dry for a change.

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Algeria	17/82	84/88	58/64	18/84	82/83	58/64
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Seoul	14/57	43/58	30/41	16/61	48/59	34/45
Singapore	14/57	43/58	30/41	16/61	48/59	34/45
Tokyo	14/57	43/58	30/41	16/61	48/59	34/45
Washington	14/57	43/58	30/41	16/61	48/59	34/45

Asia

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Singapore	14/57	43/58	30/41	16/61	48/59	34/45
Tokyo	14/57	43/58	30/41	16/61	48/59	34/45
Washington	14/57	43/58	30/41	16/61	48/59	34/45

Asia
A storm may affect Tokyo and Seoul early next week with rain and wind. Much of China will be dry, with very cold air in the far north. Just a scattering of showers and thunderstorms is expected from the Philippines to Malaysia with very warm and humid air firmly entrenched.

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Delhi	12/28	43/58	10/20	12/28	43/58	10/20
Hong Kong	8/48	1/24	11/32	3/37	1/24	11/32
London	6/48	2/28	0/34	2/28	0/34	2/28
Los Angeles	18/64	10/50	5/42	17/62	11/52	6/43
Madrid	8/48	3/27	14/57	4/28	3/27	14/57
Moscow	6/48	1/24	11/32	3/37	1/24	11/32
New York	17/62	43/58	10/20	12/28	43/58	10/20
Paris	14/57	43/58	30/41	16/61	48/59	34/45
Perth	14/57	43/58	30/41	16/61	48/59	34/45
Seoul	14/57	43/58	30/41	16/61	48/59	34/45
Singapore	14/57	43/58	30/41	16/61	48/59	34/45
Tokyo	14/57	43/58	30/41	16/61	48/59	34/45
Washington	14/57	43/58	30/41	16/61	48/59	34/45

Nell's: A Hardy Survivor in New York's Fickle Nightlife

By John Marchese

New York Times Service

NEW YORK — Perched on a red leather banquet table in the nightclub named after her, Laura (Nell) Campbell raised her arms and waved them from side to side.

"This is what I've heard they do," she said, "those rave people. They're all doing ecstasy and whole rooms full of them do this for hours on end." She feigned a happy trance and swayed her arms for a moment, then dropped her hands demurely into her lap and said, "I really have to go to one sometime."

There was a time when all the raves were for Campbell and Nell's. Though there is a decided after-dark democracy these days, in which elegant supper clubs or expensive, high-tech discos seem to hold no more cachet than the raving and often illegal downtown dance parties called raves, nightlife was once a monarchy, and Campbell was queen.

And in an industry where the life spans of even the well-financed megadiscos rival those of hatteries for brevity, Nell's, surprisingly, has survived for more than seven years.

Whatever the varied reasons for Nell's longevity, the club had a brilliant beginning. Al-

most from the moment that Campbell set up the velvet ropes outside a former electronics store at 246 West 14th Street in 1986, people lined up behind them, longing to get in.

Inside was a scene of decadent Victorian elegance, a small space that had been converted — with deft use of wood paneling, beaded chandeliers, tufted velvet sofas and Oriental rugs — into what seemed the drawing room of a somewhat dissolute English aristocrat.

"Nell's appeared as a new concept at the time it opened," Rudolf Pieper, a nightclub impresario, said recently. "Remember, back then the major clubs were big clubs, and this was going back to an intimate sort of gentleman's club. And people went for that like crazy."

Despite its elite pretensions, Nell's opened with a rare policy of charging everyone \$5 and letting everyone in (most other clubs let select people in free and charged others \$20). But Nell's had a capacity of only 250, and so many people showed up that the policy became impossible.

When Bob Colacello made it past the ropes to write about the place for Vanity Fair in early 1987, he noticed that "the young English aristocrats are here, but so are the American art stars."

including Papa Warhol himself." The article also mentioned Mick Jagger, Jerry Hall, Bianca Jagger, Princess Alessandra Borghese, and Calvin and Kelly Klein, Lauren Hutton and Deborah Harry.

Soon, other clubs copying Nell's intimacy and retro style were opening all over town. The trendies, of course, eventually moved on. Some simply came in from cold. By the time Warhol died in 1987, the fabulous folks who had made up the hard-partying nucleus of the Studio 54 crowd had permanently disbanded.